

Notice of Service of Process

null / ALL Transmittal Number: 20979728 Date Processed: 01/16/2020

Primary Contact:

Pamela Beyer

The Travelers Companies, Inc.

385 Washington St # 9275-LC12L

Saint Paul, MN 55102-1309

Entity:

Travelers Property Casualty Company of America Entity ID Number 2317459

Entity Served:

Travelers Property Casualty Company of America

Title of Action: Matter Name/ID:

Maxus Metropolitan, LLC vs. Travelers Property Casualty Company of America

Maxus Metropolitan, LLC vs. Travelers Property Casualty Company of America (9886376)

Document(s) Type:

Petition

Nature of Action:

Contract

Court/Agency:

Clay County Circuit Court, MO

Case/Reference No:

19CY-CV12623

Jurisdiction Served:

Missouri

Date Served on CSC:

01/16/2020

Answer or Appearance Due:

30 Days

Originally Served On:

MO Department of Insurance on 01/14/2020

How Served:

Certified Mail

Sender Information:

Michael J. Abrams 816-292-2000

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To avoid potential delay, please do not send your response to CSC

251 Little Falls Drive, Wilmington, Delaware 19808-1674 (888) 690-2882 | sop@cscglobal.com

Department of Commerce and Insurance



TO: Corporate Secretary (or United States Manager or Last Appointed General Agent) of

TRAVELERS PROPERTY CASUALTY COMPANY OF AMERICA CSC-LAWYERS INCORPORATING SERVICE CO. 221 BOLIVAR STREET JEFFERSON CITY, MO 65101

RE: Court: Clay Co. Circuit Court, Case Number: 19CY-CV12623

You will take notice that original process in the suit against you, a copy of which is attached hereto and sent to you by certified mail, was duly served upon you at Jefferson City, Missouri, by serving the same on the Director of the Department of Commerce and Insurance of the state of Missouri, Dated at Jefferson City, Missouri this Tuesday, January 14, 2020.

Director of Commerce and Insurance



IN THE 7TH JUDICIAL CIRCUIT COURT, CLAY COUNTY, MISSOURI

Judge or Division:	Case Number: 19CY-CV12623	RECEIPT DATE			
SHANE TERRIL ALEXANDER Plaintiff/Petitioner:	Plaintiff's/Petitioner's Attorney/Address:	TLOCK ON T			
MAXUS METROPOLITAN, LLC	MICHAEL JAY ABRAMS	UAN 1 4 2020			
,	2345 GRAND AVE				
***	SUITE 2800 MISSO KANSAS CITY, MO 64108 COMM	JURI DEPARTMENT OF ERCE AND INSURANCE			
Vs. Defendant/Respondent:	Court Address:	- Contract of the contract of			
TRAVELERS PROPERTY CASUALTY	11 S WATER	# * * * * * * * * * * * * * * * * * * *			
COMPANY OF AMERICA	LIBERTY, MO 64068	**************************************			
Nature of Suit:					
CC Breach of Contract		(Date File Stamp)			
	al Service Outside the State of Misson	uri			
	cept Attachment Action)				
The State of Missouri to: TRAVELERS PROPERTY Alias:	Y CASUALTY COMPANY OF AMERICA				
1 TOWN SQUARE					
HARTFORD, CT 06183 You are summoned to a	appear before this court and to file your pleading to the petitic	n, copy of which is attached			
and to serve a copy of your	pleading upon the attorney for the Plaintiff/Petitioner at the a	above address all within 30			
	ammons upon you, exclusive of the day of service. If you fail a taken against you for the relief demanded in this action.	to file your pleading,			
	\wedge				
CLAY COUNTY 12/23/2					
Date Clerk Further Information:					
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Directions to Clerk

Personal service outside the State of Missouri is permitted only upon certain conditions set forth in Rule 54. The clerk should insert in the summons the names of only the Defendant/Respondent or Defendants/Respondents who are to be personally served by the officer to whom the summons is delivered. The summons should be signed by the clerk or deputy clerk under the seal of the court and a copy of the summons and a copy of the petition for each Defendant/Respondent should be mailed along with the original summons to the officer who is to make service. The copy of the summons may be a carbon or other copy and should be signed and sealed in the same manner as the original but it is unnecessary to certify that the copy is a true copy. The copy of the motion may be a carbon or other copy and should be securely attached to the copy of the summons but need not be certified a true copy. If the Plaintiff's/Petitioner has no attorney, the Plaintiff's/Petitioner's address and telephone number should be stated in the appropriate square on the summons. This form is not for use in attachment actions. (See Rule 54.06, 54.07 and 54.14)

Directions to Officer Making Return on Service of Summons

A copy of the summons and a copy of the motion must be served on each Defendant/Respondent. If any Defendant/Respondent refuses to receive the copy of the summons and motion when offered, the return shall be prepared accordingly so as to show the offer of the officer to deliver the summons and motion and the Defendant's/Respondent's refusal to receive the same.

Service shall be made: (1) On Individual. On an individual, including an infant or incompetent person not having a legally appointed guardian, by delivering a copy of the summons and motion to the individual personally or by leaving a copy of the summons and motion at the individual's dwelling house or usual place of abode with some person of the family over 15 years of age, or by delivering a copy of the summons and petition to an agent authorized by appointment or required by law to receive service of process; (2) On Guardian. On an infant or incompetent person who has a legally appointed guardian, by delivering a copy of the summons and motion to the guardian personally; (3) On Corporation, Partnership or Other Unincorporated Association. On a corporation, partnership or unincorporated association, by delivering a copy of the summons and motion to an officer, partner, or managing or general agent, or by leaving the copies at any business office of the Defendant/Respondent with the person having charge thereof or by delivering copies to its registered agent or to any other agent authorized by appointment or required by law to receive service of process; (4) On Public or Quasi-Public Corporation or Body. Upon a public, municipal, governmental or quasi-public corporation or body in the case of a county, to the mayor or city clerk or city attorney in the case of a city, to the chief executive officer in the case of any public, municipal, governmental, or quasi-public corporation or body or to any person otherwise lawfully so designated.

Service may be made by an officer or deputy authorized by law to serve process in civil actions within the state or territory where such service is made.

Service may be made in any state or territory of the United States. If served in a territory, substitute the word "territory" for the word "state."

The office making the service must swear an affidavit before the clerk, deputy clerk, or judge of the court of which the person is an officer or other person authorized to administer oaths. This affidavit must state the time, place, and manner of service, the official character of the affiant, and the affiant's authority to serve process in civil actions within the state or territory where service is made.

Service must not be made less than ten days nor more than 30 days from the date the Defendant/Respondent is to appear in court. The return should be made promptly and in any event so that it will reach the Missouri Court within 30 days after service.

MY THE CHOCKI COURT OF	CDAT COUNT, MISSOURI
MAXUS METROPOLITAN, LLC,)
Plaintiff,) Case No
vs.	
TRAVELERS PROPERTY CASUALTY COMPANY OF AMERICA,)
Defendant.))

IN THE CIRCUIT COURT OF CLAY COUNTY MISSOURI

PETITION

Plaintiff Maxus Metropolitan, LLC ("Plaintiff" and "Maxus"), by and through its undersigned counsel, alleges the following regarding its claims against Travelers Property Casualty Company of America ("Defendant" and "Travelers"):

THE PARTIES

- 1. Plaintiff Maxus Metropolitan, LLC ("Plaintiff" and "Maxus") is a limited liability company organized and existing under the laws of the state of Missouri.
- Defendant Travelers Property Casualty Company of America ("Defendant" and
 "Travelers") is a corporation organized under the laws of Minnesota with its principal
 place of business at 1 Town Square, Hartford, Connecticut 06183.

JURISDICTION AND VENUE

- This Court has jurisdiction over the Defendant pursuant to Mo. Rev. Stat. § 506.500.1 (1)
 and (5) because Travelers transacted business within this state and contracted to insure a
 Missouri entity.
- 4. Venue is proper in this Court pursuant to Mo. Rev. Stat. § 508.010.4 as a substantial part of the events or omissions giving rise to the claim occurred in Missouri.

FACTUAL BACKGROUND

- 5. In early 2018, Bomasada Group, Inc., a nationwide developer of multifamily residential complexes, through one of its affiliates, Bomasada Birmingham Nationwide, LLC ("Bomasada"), began to construct a property known as the "Metropolitan" at 2900 7th Avenue South, Birmingham, Alabama.
- 6. The Metropolitan was slated to be a four-story, multi-unit luxury apartment community with 262 individual units housed in four separate buildings.
- 7. Shortly after construction began, Bomasada sold the Metropolitan to Maxus Metropolitan, LLC.
- 8. On or about September 27, 2019, while construction was ongoing, a fire broke out at the Metropolitan.
- 9. Relevant to this dispute, Travelers issued Bomasada a Commercial Inland Marine policy, policy no. QT-660-7E077026-TIL-18, effective March 31, 2018 to September 30, 2018 (the "Policy"), which covered the Metropolitan at the time of the fire. A copy of the Policy is attached hereto as Exhibit A.
- 10. As the owner of the Metropolitan, and pursuant to the Agreement and the terms of the Policy, Maxus is also a named insured on the Policy.
- 11. One day after the fire, Bomasada and Maxus notified Travelers of the loss and filed an insurance claim (the "Claim") for damages.
- 12. The Policy states that in the event of a loss, Travelers must indemnify the insureds up the coverage limit of \$35,000,000 for any covered loss.
- 13. More specifically, the Policy provides:

CONSTRUCTION PAK – BUILDERS' RISK COVERAGE FORM

A. COVERAGE

We will pay for direct physical loss of or damage to Coverage Property caused by or resulting from a Covered Cause of Loss.

1. Covered Property

Covered Property, as used in this Coverage Form, means the following types of property you own or for which you are legally liable, the value of which is included in the estimated "total project value" shown in the Declarations:

a. Permanent Works

Materials, equipment, machinery, supplies and property of a similar nature that will become a permanent part of the project described in the declarations during completion of such project or that will be used or expended in the completion of such project.

b. Temporary Works

Cofferdams, construction forms, cribbing, falsework, hoarding, scaffolds, fencing, signs, office trailers (and their "contents") and similar temporary buildings or structures incidental to completion of the project described in the Declarations.

- 14. "Covered Cause of Loss" is defined as "Risks of direct physical loss unless the loss is excluded-..." Fire is not an excluded loss.
- 15. The Policy also provides coverage for "Soft Costs" that "result from direct physical loss or damage to Covered property resulting from a Covered Cause of Loss which delays completion of the applicable project. . . ."
- 16. "Soft costs" are defined as "actual and necessary business costs in excess of your budgeted amount for the project. . . ."

17. The Policy also provides the following Special Time Element Coverages which, in part,

states:

CONSTRUCTION PAK – BUILDERS' RISK SPECIAL TIME ELEMENT COVERAGE FORM

A. COVERAGE

1. "Business Income"

We will pay the actual loss of "business interruption" you sustain due to the partial or complete:

- a. Cessation of your business activities; or
- b. Delay in start up of your business activities;

during the "post loss period of repair or construction." Such cessation or delay must be caused by or result from direct physical loss or damage to Covered Property by a Covered Cause of Loss.

2. "Rental Value"

We will pay the actual loss of "rental value" you sustain due to the partial or complete:

- a. Cessation of your business activities; or
- b. Delay in start up of your business activities;

during the "post loss period of repair or construction." Such cessation or delay must be caused by or result from direct physical loss or damage to Covered Property by a Covered Cause of Loss.

3. "Soft Costs"

We will pay your "soft costs" during the period of delay in completion." Such 'soft costs' must result from direct physical loss of or damage to Covered Property caused by or resulting from a Covered Cause of Loss which delays the completion of the applicable project beyond the "planned completion date."

18. The Builders' Risk Special Time Element Coverage includes the following relevant definitions (sometimes referred to herein as the "Business Interruption claim"):

F. DEFINITIONS

1. "Business income"

- a. The net profit or loss (before income taxes) from the operation or use of the applicable project for its intended purpose; and
- b. The continuing normal operating expenses, including payroll, of the operation or use of the applicable project for its intended purpose;

less your "rental value".

- 2. "Post-loss period of repair or construction" means the period of time after direct physical loss or damage to Covered Property by a Covered Cause of Loss that:
 - a. With respect to Covered Property not operating or in use for its intended purpose at the time of such loss or damage:
 - (1) Begins with the "planned completion date" or after any applicable Waiting Period shown in the Declarations from the "planned completion date, whichever is later; and
 - (2) Ends on the date when Covered Property should be completed using reasonable speed and similar quality.
 - b. With respect to Covered Property operating or in use for its intended purpose at the time of such loss or damage:
 - (1) Begins immediately or after any applicable Waiting Period shown in the Declarations whichever is later; and
 - (2) Ends on the earlier of:
 - (a) The date when such property should be repaired, rebuilt or replaced with reasonable speed and similar quality; or
 - (b) The date when business is resumed at a new permanent job
- 3. "Rental value" means the sum of:

- a. The total rental income from the tenant occupancy of the applicable completed project, as furnished and equipped by you;
- b. The amount of all charges which are the legal obligation of the tenant(s) and which would otherwise be your obligations; and
- c. The fair rental value of any portion of the applicable completed project which would have been occupied by you.
- 4. "Soft costs" means your actual and necessary business costs in excess of your budgeted amount for the applicable project consisting only of the type shown in the Declarations.
- 19. As a result of the fire, the Metropolitan suffered significant damage, including the total destruction of one of the four stand-alone buildings.
- 20. Several months after the fire, Maxus discovered that there was additional, less readily apparent damage to the buildings caused by the soot and smoke from the fire.
- 21. Maxus hired an industrial hygienist who tested and ultimately determined that the soot and smoke from the fire had caused wide-spread damage throughout the Metropolitan project, posing serious health risks to tenants.
- 22. On or about May 1, 2019, Maxus informed Travelers of the serious health concerns and need for quick action. Maxus invited Travelers to inspect the property as part of Travelers' claim investigation and hire its own expert to conduct testing, if it desired.
- 23. On June 6, 2019, more than a month after learning of the potential health concerns, Travelers stated that it would like to reinspect the property with its own expert on June 13, 2019. See June 6, 2019 correspondence attached hereto as Exhibit B.
- 24. The following day, June 7, 2019, Maxus provided Travelers its industrial hygienist's report showing potentially significant safety, clean-up, and remediation issues, and explaining that it was critical that Maxus receive a response and funds from Travelers to

- assist with the proposed course of action. See June 7, 2019 correspondence attached hereto as Exhibit C.
- 25. Having received no response, Maxus wrote Travelers again on June 11, 2019 explaining that Maxus intended to instruct tenants of the need to vacate during remediation and rebuild and again explaining the urgency of the matter. See June 11, 2019 correspondence attached hereto as **Exhibit D**.
- 26. Maxus's June 11, 2019 letter stated, "[I]t is imperative that we hear from you immediately if you have any objection or do not see the necessity of proceeding [with the evacuation]. . . ."
- 27. Maxus's June 11, 2019 letter further stated, "Unless we hear from your [sic] otherwise by the close of business tomorrow, June 12, we will proceed with the understanding that you have no objection to our plan for the removal of residents during remediation and rebuild."
- 28. Receiving no response from Travelers, Maxus notified the tenants that evacuation was required due to the serious health risks posed by the fire damage and the extent of repairs and remediation required.
- 29. At least as early as November 29, 2018, Travelers acknowledged Maxus has coverage for the Claim under the Policy. See correspondence attached hereto as Exhibit E.
- 30. Despite this acknowledgement, Travelers has continually refused and/or failed to pay reasonable funds owed for the Claim.
- 31. Additionally, it was not until December 16, 2019, more than six months after Travelers' own hygienist had inspected the property, that Travelers provided a coverage opinion on the secondary damage claim. Travelers stated that Maxus' alleged damage from smoke

- and soot in the buildings that were not burned was not caused by the fire, and therefore denied coverage.
- 32. Notably, although the information was not shared with Maxus until December 16, 2019, the report completed by the hygienist hired by Travelers is dated August 2, 2019.
- 33. Travelers' refusal to pay is wrongful and a breach of contract.

COUNT I BREACH OF CONTRACT

- 34. Maxus incorporates by reference all previous allegations as though set forth fully herein.
- 35. Travelers has a duty to pay for the loss and damage arising out of the Claim under the terms and provisions of the Policy and applicable law.
- 36. Travelers also has a duty to conduct a reasonable, timely and sufficiently thorough investigation.
- 37. Travelers has a duty to respond appropriately and in a timely manner to claims submissions and correspondence from insureds.
- 38. Maxus has complied with all conditions precedent to recovery under Travelers' Policy.
- 39. Travelers has breached its obligations under the Policy by unreasonably refusing and/or failing to investigate, respond to correspondence, and pay, in full, all loss and damage arising out of or in connection with the Claim. Specifically, Travelers:
 - (a) Failed to properly or timely investigate Maxus's Claim;
 - (b) Failed to properly or timely remit funds for undisputed damages;
 - (c) Caused unreasonable delays in the Claim process.
 - (d) Failed to timely and appropriately respond to correspondence and inquiries from Maxus and Bomasada.

40. As a result of its breach of contract, Travelers has deprived Maxus of the benefit of insurance coverage for which substantial premiums were paid and has damaged Maxus.

COUNT II <u>VEXATIOUS REFUSAL TO PAY</u>

- 41. Maxus incorporates by reference all previous allegations as though set forth fully herein.
- 42. Travelers has refused to pay the Claim without reasonable cause or excuse.
- 43. Travelers owes Maxus a duty of good faith and fair dealing and has breached this duty, including, but not limited to, engaging in the following acts:
 - (a) Unreasonably failing or refusing to accept coverage for the Claim;
 - (b) Failing to investigate Maxus's Claim fairly or in a timely manner;
 - (c) Failing to prompt or properly communicate with Maxus regarding coverage for the Claim and Maxus's rights under the Policy;
 - (d) Failing to pay for the Claim.
- 44. Travelers' above-described actions constitute a breach of its duty of good faith and fair dealing owed to its insured, Maxus.
- 45. As a result of Travelers' wrongful conduct, Travelers is liable to Maxus for the attorneys' fees and costs in the case.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff Maxus Metropolitan, LLC respectfully requests entry of judgment in its favor and against Defendant Travelers Property Casualty Company of America as follows:

- (a) Actual damages in excess of \$25,000,000 for property damage.
- (b) Actual damages in excess of \$3,000,000 for "soft costs" and "business income" damage.

- (c) Actual damages in excess of \$370,000 for contents damage.
- (d) Pre-judgment and post-judgment interest based upon and added to the damages as allowed by law;
- (e) Attorneys' fees and costs associated with this action;
- (f) Such further and additional relief as this Court deems just and proper.

Date: December 19, 2019

Respectfully submitted,

LATHROP GAGE LLP

/s/ Michael J. Abrams

Michael J. Abrams Mo. #42196 mabrams@lathropgage.com Kimberly K. Winter Mo. #45029 kwinter@lathropgage.com Noah H. Nash Mo. #72048 nnash@lathropgage.com 2345 Grand Boulevard, Suite 2200

Kansas City, Missouri 64108-2618

Telephone: (816) 292.2000 Telecopier: (816) 292.2001 Attorneys for Plaintiff

Maxus Metropolitan, LLC

19CY-CV12623

EXHIBIT A



Report Claims Immediately by Calling*
1-800-238-6225

Speak directly with a claim professional 24 hours a day, 365 days a year

*Unless Your Policy Requires Written Notice or Reporting

COMMERCIAL INSURANCE

A Custom Insurance Policy Prepared for:

BOMASADA BIRMINGHAM NATIONWIDE LLC 8980 LAKES AT 610 DRIVE, SUITE 200 HOUSTON TX 77054

Presented by: AMWINS BROKERAGE OF NU

TRAVELERS CORP. TEL: 1-800-328-2189 COMMERCIAL INLAND MARINE COMMON POLICY DECLARATIONS ISSUE DATE: 03/09/18 POLICY NUMBER: QT-660-7E077026-TIL-18

INSURING COMPANY: TRAVELERS PROPERTY CASUALTY COMPANY OF AMERICA

- 1. NAMED INSURED AND MAILING ADDRESS:
 BOMASADA BIRMINGHAM
 NATIONWIDE LLC (AS PER IL T8 00)
 8980 LAKES AT 610 DRIVE,
 SUITE 200
 HOUSTON, TX 77054
- 2. POLICY PERIOD: From 03/31/18 to 09/30/18 12:01 A.M. Standard Time at your mailing address.
- 3. LOCATIONS
 Premises Bldg.
 Loc. No. No. Occupancy Address
 SEE IL TO 03
- 4. COVERAGE PARTS FORMING PART OF THIS POLICY AND INSURING COMPANIES:
 COMMERCIAL INLAND MARINE COV PART DECLARATIONS CM TO 01 07 86 TIL
- 5. NUMBERS OF FORMS AND ENDORSEMENTS FORMING A PART OF THIS FOLICY: SEE IL T8 01 10 93
- 6. SUPPLEMENTAL POLICIES: Each of the following is a separate policy containing its complete provisions:

 Folicy Policy No. Insuring Company
- 7. PREMIUM SUMMARY:
 Provisional Premium \$ 61,593
 Due at Inception \$ 61,593
 Due at Each \$

COUNTERSIGNED BY:	
Authorized Representative	
ñáte:	

IL TO 02 11 99 (REV. 09-07) PAGE 1 OF 1 OFFICE: EDISON



POLICY NUMBER: QT-660-7E077026-TIL-18

EFFECTIVE DATE: 03-31-18
ISSUE DATE: 03-09-18

LISTING OF FORMS, ENDORSEMENTS AND SCHEDULE NUMBERS

THIS LISTING SHOWS THE NUMBER OF FORMS, SCHEDULES AND ENDORSEMENTS BY LINE OF BUSINESS.

IL TO 02 11 89	COMMON POLICY DECLARATIONS
IL T8 01 10 93	FORMS, ENDORSEMENTS AND SCHEDULE NUMBERS
IL TO 03 04 96	LOCATION SCHEDULE
IL T8 00	GENERAL PURPOSE ENDORSEMENT

INLAND MARINE

CM A0 28 08 96	IMPAK COVERAGE PART DECLARATIONS
CM BO 41 04 13	BR COVERAGE FORM DEC
CM BO 42 04 13	BR SPEC TIME ELEMENT SINGLE LIMIT DEC
CM BO 45 04 13	BR SUPPLEMENTAL DEC
CM BO 46 04 13	
CM T3 71 08 96	IM PAK COVERAGE SUMMARY
CM TO 11 08 05	TABLE OF CONTENTS
CM 00 01 09 04	
CM T8 94 09 93	LOSS PAYABLE PROVISIONS
CM T2 21 04 13	BR COVERAGE FORM
CM T2 23 04 13	BR SPECIAL TIME ELEMENT COVERAGE FORM
CM T2 25 04 13	FLOOD CAUSE OF LOSS
CM T2 27 04 13	
CM T1 43 08 96	
CM T8 00	GENERAL PURPOSE ENDORSEMENT
CM T3 03 09 13	
CM T3 98 01 15	
CM T8 83 11 95	ADDITIONAL INSURED
CM T5 57 02 10	LENDER'S LOSS PAYABLE PROVISIONS
CM T6 28 04 13	WINDSTORM OR HAIL DEDUCTIBLE
CM T6 30 04 13	RELEASE OF WATER, STEAM OR FLUID DED
CM T6 47 09 13	PROTECTIVE SAFEGUARDS
CM U3 31 01 16	CONTRACTORS EQUIP CHGS AND ENHANCEMENTS
CM 01 44 05 08	ALABAMA CHANGES

INTERLINE ENDORSEMENTS

IL T4 12 03 15	AMNOT COMMON POLICY COND-PROHIBITED	COVG
	ALABAMA CHANGES - ACTUAL CASH VALUE	

IL T8 01 10 93 PAGE: 1 OF

LOCATION SCHEDULE

POLICY NUMBER: QT-660-7E077026-TIL-18

This Schedule of Locations and Buildings applies to the Common Policy Declarations for the period 03-31-18 to 09-30-18.

Loc. No.	Bidg. No.	Address	Occupancy

1 NEC OF 7TH AVE. S. & 20TH ST. S. SEE THE BUILDERS' RISK DECLARATIONS BIRMINGHAM, AL 35233

IL TO 03 04 96

Page 1 (END)

POLICY NUMBER: QT-660-7E077026-TIL-18

GENERAL PURPOSE ENDORSEMENT

ITEM 1 NAMED INSURED TO READ:

BOMASADA BIRMINGHAM NATIONWIDE LLC BOMASADA BIRMINGHAM METROPOLITAN LLC BOMASADA BHM CONSTRUCTION LLC, AND BOMASADA GROUP INC.

IL TB 00 Page 1

COMMERCIAL INLAND MARINE

COMMERCIAL INLAND MARINE

One Tower Square, Hartford, Connecticut 06183

COMMERCIAL INLAND MARINE COVERAGE PART DECLARATIONS

POLICY NUMBER: QT-660-7E077026-TIL-18 ISSUE DATE: 03-09-18

INSURING COMPANY:

TRAVELERS PROPERTY CASUALTY COMPANY OF AMERICA

Declarations Period: From 03-31-18 to 09-30-18 12:01 A.M. Standard Time at your mailing address shown in the Common Policy Declarations.

The Commercial Inland Marine Coverage Part consists of these Declarations, the Commercial Inland Marine Conditions Form and the Coverage Forms shown below.

I. COVERED PROPERTY AND LIMITS OF INSURANCE

IM PAK COVERAGE

"CONTRACTORS EQUIPMENT"

COVERED ITEMS Listed Items: Unlisted Items: Leased or Rented Items:	No Cov	OF INSUR verage verage 250,000	item
COVERAGE EXTENSIONS Newly Acquired "Contractors Equipment": "Replacement Items"	Ş	100,000	
Rental Cost: Loss to any one "Replacement Item";	\$ \$	5,000 100,000	
"Maximum Amount of Payment":	\$	250,000	
"Flood Limit of Insurance": "Flood Annual Aggregate Limit of Insurance": "Earth Movement Limit of Insurance":	\$ \$ \$\$	250,000 250,000 250,000	
"Earth Movement Annual Aggregate Limit of insurance":	\$	250,000	•
II. DEDUCTIBLE			
"CONTRACTORS EQUIPMENT" "Basic Deductible": "Flood Deductible": "Earth Movement Deductible": "Windstorm Deductible":	es-es-es-es-	1,000 25,000 25,000 1,000	

III. PREMIUM SUMMARY

The policy premium includes the premiums shown below. Deposit Premiums are subject to adjustment as specified in the Reporting Provisions.

		REPORTING PROVISIONS	Premium	
"CONTRACTORS	EQUIPMENT#	Not Applicable \$	75,2	
		BOTATIM: \$	752	

NUMBERS OF FORMS, SCHEDULES AND ENDORSEMENTS FORMING PART OF THIS COVERAGE PART ARE ATTACHED AS A SEPARATE LISTING.

CM TO 01 07 86 Page 1 (END)
Order # CM A0 28 08 95
PRODUCER: AMWINS BROKERAGE OF NJ XJ182 OFFICE: EDISON 06H

One Tower Square, Hartford, Connecticut 06183

COMMERCIAL INLAND MARINE COVERAGE PART DECLARATIONS

POLICY NUMBER: QT-660-7E077026-TIL-18 ISSUE DATE: 03-09-18

INSURING COMPANY:

TRAVELERS PROPERTY CASUALTY COMPANY OF AMERICA

DECLARATIONS PERIOD: From 03-31-18 to 09-30-18 12:01A.M. Standard Time at your mailing address shown in the Common Policy Declarations.

The Commercial Inland Marine Coverage Part consists of these Declarations, the Commercial Inland Marine Conditions Form and the Coverage Forms shown below.

CONSTRUCTION PAK - BUILDERS' RISK COVERAGE FORM

PROJECT 1 DEGLARATIONS

- I. COVERAGE AND LIMITS OF INSURANCE
 - A. Covered Property and Job Site Limits of Insurance:
 - 1. Description:

CONSTRUCTION OF THREE, 4-STORY FRAME RESIDENTIAL BUILDINGS FOR 260 APARTMENT UNITS.

Estimated Total Project Value: \$

35,000,000

- 2. Job Sile Location: 2900 7TH AVE SOUTH, BIRMINGHAM, AL, 35223
- The following Limits of insurance are the most we will pay at the job site shown above unless a more specific Limit of insurance is shown in 4. below or elsewhere in this policy;

Covered Property Limit of Insurance:

\$ 35,000,000

Special Time Element Limit of Insurance: SEE SPECIAL TIME ELEMENT DEC

4. The following coverage options apply only when indicated by an 'X':

•	• •	Limit	ence	Limit	Aggregate
X Earth Movement	🗋 Earthquake	\$	10,000,000	\$	10,000,000
☑ Flood	*	\$	10,000,000	\$	10,000,000
The Limits of Insurance	shown above app	ly to all lo	ss covered unde	r the end	dorsement for the ar

The Limits of insurance shown above apply to all loss covered under the endorsement for the applicable coverage option.

II. DEDUCTIBLE

- A. Deductible applying to Covered Property shown above unless a more specific Deductible for the covered loss is shown in B, below or elsewhere in this policy: \$ 25,000
- B. The Deductible shown below applies to all loss covered under the endorsement for the coverage option indicated by an 'X':

X Earth Movement	☐ Earthquake:	
⊠ 1. \$	50,000	
□ 2.	subject to	minimum and
maxlmum		

CM T0 01 07 86 · Order # CM 80 41 04 13

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Page 1 of 2

PRODUCER AMWINS BROKERAGE OF NJ

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				• • • •	•
	X Flood:		•	•	
	🗓 1, \$	50,0	00		4
	□ 2.		subject to		minimum and
	maximum				
III.	COINSURANCE				•
	The following coinsurance at	pplies wh	nen Indicated I	by an 'X':	
	□ 100% □ 90%	□ 809	% 🗵 No	Coinsurance A	pplies
IV.	REPORTS AND PREMIUM		*		
	The Premium Option shown	below a	pplies when in	dicated by an '>	(':
	X Project Term Premius	m: §	60,84	1	
	Adjustable Premium	•		• ('	Coverage Form)
	Annual Rate per \$100	of Total	l Project Value	9:	
	Estimated Project Ter	rm Prem	iúm: \$		

NUMBERS OF FORMS, SCHEDULES AND ENDORSEMENTS FORMING PART OF THIS COVERAGE PART ARE ATTACHED AS A SEPARATE LISTING.

Page 2 of 2

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CM TO 01 07 86 Order # CM 80 41 04 13

One Tower Square, Hartford, Connecticut 06183

CONSTRUCTION PAK - BUILDERS' RISK SPECIAL TIME ELEMENT SINGLE LIMIT DECLARATIONS

POLICY NUMBER: QT-660-7E077026-TIL-18 ISSUE DATE: 03-09-18

The following are added to the CONSTRUCTION PAK - BUILDERS' RISK COVERAGE FORM Section of the Commercial Inland Marine Coverage Part Declarations.

CONSTRUCTION PAK - BUILDERS' RISK SPECIAL TIME ELEMENT COVERAGE FORM

DDO IFCT	4	DECL	ADA7	1040
PROJECT	1	DECL	AKA I	IONS

1	COVERAGE	AMDI	DTIME	AR INIGI	IDANCE

The most we will pay at the applicable job site described in the Declarations in any one occurrence for the to	•
tel of the following Special Time Element Coverages indicated by an 'X' is: \$ 5,000,000	
X Business Income	
X Rental Value	
X Soft Costs consisting only of:	
X Advertising and promotional expenses.	

- Architect, engineer, designer and consultant fees. Costs resulting from the renegotiation of your sales contract, leases or construction loans.
- IXI General overhead and administrative expenses, other than legal, accounting and professional
- Insurance premiums.
- Interest on money borrowed to finance construction.
- Legal and accounting fees and other costs to renegotiate and prepare revised contracts and other documents.

These expenses cannot be used for preparation of claims or to establish liability for loss.

Permit and Inspection Fees.

30

- X Realty taxes and realty assessments.
- ☐ Other as described in the Soft Costs Schedule.

II. WAITING PERIOD

Waiting Period:

Consecutive Days

III. PREMIUM

- A. Total Term Premium: INCLUDED
- B. Premium shown above is in addition to the premium shown on the CONSTRUCTION PAK BUILDERS' RISK COVERAGE FORM DECLARATIONS for this project.

CM B0 42 04 13

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PRODUCER AMWINS BROKERAGE OF NJ

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One Tower Square, Hertford, Connecticut 06183

CONSTRUCTION PAK - BUILDERS' RISK SUPPLEMENTAL DECLARATIONS POLICY NUMBER: QT-660-7E077026-TIL-18 ISSUE DATE: 03-09-18

I. COVERAGE AND LIMITS OF INSURANCE

A. Limit of Insurance Applying To Covered Property In:

Transit:

500,000

Temporary Storage: \$

500,000

в.	Coverage Extensions	Limit of insurance	
	Expediting Expense and Extra Expense:	\$	250,000
	Fire Protective Systems:	\$	100,000
	Landscaping:	\$	100,000
	Soft Costs:	\$	100,000
	Temporary Works Other Than Covered Property:	\$	50,000
	Valuable Papers and Records:	\$	100,000
Ç.	Additional Coverages		
	Additional Cost of Construction Materials and Labor:	\$	100,000
	Claim Qata Expenses:	\$	50,000
	Construction Contract Penalty:	\$	50,000
	Debris Removal Increase;	\$	250,000
	Fire or Police Department Service Charges:	\$	50,000
	Fungus, Wet Rot And Dry Rot - Annual Aggregate:	\$	50,000
	Green Building Additional Expense:	\$	100,000
	Ordinance or Law:		
	Loss To The Undamaged Portion Of The Building or Structure:		IN APPLICABLE THE JOB SITE
	Demolition Cost and Increased Cost Of Construction - Combined:	\$	250,000
	Pollutant Clean Up and Removal - Annual Aggregate:	\$	100,000
	Preservation of Property:	INCLUDED LIMIT AT	IN APPLICABLE THE JOB SITE
	Protection of Property:	\$	100,000
	Reward Coverage:		
	25% of covered loss up to a maximum of:	\$	50,000

II. PREMIUM

A. Minimum Earned Premium: NOT APPLICABLE

B. Total Builders' Risk Premium: \$ 60,841

NUMBERS OF FORMS, SCHEDULES AND ENDORSEMENTS FORMING PART OF THIS COVERAGE PART ARE ATTACHED AS A SEPARATE LISTING.

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PRODUCER AMWINS BROKERAGE OF NJ

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One Tower Square, Hartford, Connecticut 06183

CONSTRUCTION PAK – BUILDERS' RISK DEDUCTIBLES AND LIMITS OF NSURANCE SCHEDULE The following Deductibles and Limits of Insurance appl subject to the terms and conditions of the endorsement				of Insurance	issue D	POLICY NUMBER: QT-660-7E077026-TIL-18 ISSUE DATE: 03-09-18 Dly at the applicable job site when indicated by an 'X' and an			
30	ibject to the terms a Prolect: 1	na co	nations or	ine encorse	ment for the ap	DilCaple cánze di Iossi			
	Cause of Loss Named Storm	De	ductible		subject to minimum and maximum	Limit of insurance Cocurrence: \$ Annual Aggregate: \$			
	Windstorm or Hall	IJ ⊠	\$	25,000	subject to minimum and maximum	☐ Occurrence: \$ ☐ Annual Aggregate: \$			
	Release of Water, Steam or Fluid		\$	50,000	subject to minimum and maximum	Occurrence: \$ Annual Aggregate: \$			

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PRODUCER AMWINS BROKERAGE OF NJ

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Page 1 of 1

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COMMERCIAL INLAND MARINE ISSUE DATE: 03-09-18

POLICY NUMBER: QT-660-7E077026-TIL-18

IM PAK®COVERAGE SUMMARY

This Coverage Part covers the following: "Contractors Equipment"

This Coverage Part Includes the following coverage form: IM PAK® COVERAGE FORM 1Z 004 06 0462 0654

This Coverage Part includes the following modifiers:

462 Exception to IL T3 55 Date-Related Loss Excl

0654 Programming Errors F

CM T3 71 08 96

TABLE OF CONTENTS

COMMERCIAL INLAND MARINE COVERAGE PART

The following indicates the contents of the principal forms which may be attached to your policy.

it contains no reference to the Declarations or Endorsements which also may be attached.

Beginning on Page

COMMERCIAL INLAND MARINE CONDITIONS · Loss Conditions A. Abandonment B. Appraisal Dutles in The Event Of Lass Ċ. D. Insurance Under Two Or More Coverages_____ E. Loss Payment ___ Other Insurance F. Pair, Sels Or Parts __ G. Recovered Property _ Reinstatement Of Limit After Loss _ Transfer Of Rights Of Recovery Against Others To Us ___ General Conditions A. Concealment, Misrepresentation Or Fraud B. Control Of Property C. Legal Action Against Us ____ D. No Benefit To Ballee _ E. Policy Period, Coverage Territory ____ F. Valuation ____ INLAND MARINE COVERAGE FORM(S) A. Çoverage Covered Property Page 2. Property Not Covered ____ 3. Covered Causes Of Loss _ Additional Coverage - Collapse (If Applicable) _ No. Coverage Extensions (If Any) Varies: B. Exclusions Ву .C. Limits of Insurance _ D. Deductible E. Additional Conditions ______ Definitions _____

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COMMERCIAL INLAND MARINE CONDITIONS

The following conditions apply in addition to the Common Policy Conditions and applicable Additional Conditions in Commercial Inland Marine Coverage Forms:

LOSS CONDITIONS

A. Abandonment

There can be no abandonment of any property to us.

B. Appraisal

If we and you disagree on the value of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- 1. Pay its chosen appraiser, and
- 2. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

C. Duties in The Event Of Loss

You must see that the following are done in the event of loss or damage to Govered Property:

- Notify the police if a law may have been broken.
- Give us prompt notice of the loss or damage. Include a description of the property involved.
- As soon as possible, give us a description of how, when and where the loss or damage occurred.
- 4. Take all reasonable steps to protect the Covered Properly from further damage, and keep a record of your expenses necessary to protect the Covered Properly, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible,

set the damaged property aside and in the best possible order for examination.

- You will not, except at your own cost, voluntarily make a payment, assume any obligation, or incur any expense without our consent.
- As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

Also permit us to take samples of damaged and undamaged properly for inspection, testing and analysis, and permit us to make coples from your books and records.

- 7. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.
- Send us a signed, sworn proof of loss containing the information we request to settle the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
- Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or suit.
- Cooperate with us in the investigation or settlement of the claim.

D. Insurance Under Two Or More Coverages

If two or more of this policy's coverages apply to the same loss or damage, we will not pay more than the actual amount of the loss or damage.

E. Loss Payment

- We will give notice of our intentions within 30 days after we receive the sworn proof of loss.
- 2. We will not pay you more than your financial interest in the Covered Property.
- We may adjust losses with the owners of lost or damaged properly if other than you. If we pay the owners, such payments will satisfy your claim against us for the owners' properly. We will not pay the owners more than

CM 00 01 09 04

COMMERCIAL INLAND MARINE

their financial interest in the Covered Property.

- We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.
- We will pay for covered loss or damage within 30 days after we receive the swom proof of loss if you have complied with all the terms of this Coverage Part and:
 - We have reached agreement with you on the amount of the loss; or
 - b. An appraisal award has been made.
- 6. We will not be liable for any part of a loss that has been paid or made good by others.

F. Other Insurance

- You may have other insurance subject to the same plan, terms, conditions and provisions as the insurance under this Coverage Part. If you do, we will pay our share of the covered loss or damage. Our share is the proportion that the applicable Limit of Insurance under this Coverage Part bears to the Limits of Insurance of all insurance covering on the same basis.
- 2. If there is other insurance covering the same loss or damage, other than that described in 1. above, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance.

G. Pair, Sets Or Parts

1. Pair Or Set

In case of loss or damage to any part of a pair or set we may:

- Repair or replace any part to restore the pair or set to its value before the loss or damage; or
- Pay the difference between the value of the pair or set before and after the loss or damage.

2. Parts

In case of loss or damage to any part of Covered Property consisting of several parts when complete, we will only pay for the value of the lost or damaged part.

H. Recovered Property

If either you or we recover any properly after loss settlement, that party must give the other prompt notice. At your option, the property will be returned to you. You must then return to us the amount we paid to you for the property. We will pay recovery expenses and the expenses to repair the recovered property, subject to the Limit of insurance.

I. Reinstatement Of Limit After Loss

The Limit of Insurance will not be reduced by the payment of any claim, except for total loss or damage of a scheduled item, in which event we will refund the uneamed premium on that Item.

J. Transfer Of Rights Of Recovery Against Others To Us

If any person or organization to or for whom we make payment under this Coverage Part has rights to recover damages from another, those rights are transferred to us to the extent of our payment. That person or organization must do everything necessary to secure our rights and must do nothing after loss to impair them. But you may waive your rights against another party in writing:

- 1. Prior to a loss to your Covered Property.
- After a loss to your Covered Property only if, at time of loss, that party is one of the following:
 - a. Someone insured by this insurance; or
 - b. A business firm:
 - (1) Owned or controlled by you; or
 - (2) That owns or controls you.

This will not restrict your insurance.

GENERAL CONDITIONS

A. Concealment, Misrepresentation Or Fraud

This Coverage Part is void in any case of fraud, intentional concealment or misrepresentation of a material fact, by you or any other insured, at any time, concerning:

- 1. This Coverage Part;
- 2. The Covered Property:
- 3. Your interest in the Covered Property; or
- 4. A claim under this Goverage Part.

Page 2 of 3

CM 00 01 09 04

COMMERCIAL INLAND MARINE

B. Control Of Property

Any act or neglect of any person other than you beyond your direction or control will not affect this insurance.

The breach of any condition of this Coverage Part at any one or more locations will not affect coverage at any location where, at the time of loss or damage, the breach of condition does not exist.

C. Legal Action Against Us

No one may bring a legal action against us under this Coverage Part unless:

- 1. There has been full compliance with all the terms of this Coverage Part; and
- The action is brought within 2 years after you first have knowledge of the direct loss or damage.

D. No Benefit To Ballee

CM 00 01 09 04

No person or organization, other than you, having custody of Covered Property will benefit from this insurance.

E. Policy Period, Coverage Territory

We cover loss or damage commencing:

- During the policy period shown in the Declarations; and
- 2. Within the coverage territory.

F. Valuation

The value of property will be the least of the following amounts:

- 1. The actual cash value of that property;
- The cost of reasonably restoring that property to its condition immediately before loss or damage; or
- 3. The cost of replacing that property with substantially identical property.

in the event of loss or damage, the value of property will be determined as of the time of loss or damage.

Page 3 of 3

COMMERCIAL INLAND MARINE ISSUE DATE: 03-09-18

POLICY NUMBER: QT-660-7E077026-TIL-18

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

LOSS PAYABLE PROVISIONS

This endorsement modifies insurance under the following:

CONSTRUCTION PAK BUILDERS' RISK COVERAGE FROM

Loss Payable-For Covered Property in which both you and a Loss Payee shown in the Schedule or in the Declarations have an insurable interest, we will:

- 1. Adjust losses with you; and
- 2. Pay any claim for loss or damage jointly to you and the loss payee, as interest may appear.

SCHEDULE

Form or Endorsement No.

Item No., If any or Description of Property

OFFICE TRAILER: MOD-WIN MODEL 2460 24 X 56, S# 540468-1540469

Loss Payee (Name and Address)

TER CUSTOM INC, MOD-WIN SERVICES INC,

892 NORTH BROAD ST. PO BOX 1079 ELLAVILLE

GA 31806

Page 1 of 1

CM T8 94 09 93 :

COMMERCIAL INLAND MARINE ISSUE DATE: 03-09-18

POLICY NUMBER: QT-660-7E077026-TIL-18

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

LOSS PAYABLE PROVISIONS

This endorsement modifies insurance under the following:

CONSTRUCTION PAK BUILDERS' RISK COVERAGE FORM

Loss Payable—For Covered Property in which both you and a Loss Payee shown in the Schedule or in the Declarations have an insurable interest, we will:

- 1. Adjust losses with you; and
- 2. Pay any claim for loss or damage jointly to you and the loss payee, as interest may appear.

SCHEDULE '

Form or Endorsement No.

Item No., If any or Description of Property

CONSTRUCTION OF THREE 4-STORY RESIDENTIAL BUILDINGS FOR 260 APARTMENT UNITS

Loss Payee (Name and Address)

NATIONWIDE MUTUAL INSURANCE COMPANY ISAOA

ONE NATIONWIDE PLZ MAIL CODE: SEE CM T8 00 COLUMBUS OH 42315

CM T8 94 09 93

CONSTRUCTION PAK – BUILDERS' RISK COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights; duties and what is and is not covered.

Throughout this policy, the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section F - DEFINITIONS.

A. COVERAGE

We will pay for direct physical loss of or damage to Covered Property caused by or resulting from a Covered Cause of Loss.

1. Covered Property

Covered Property, as used in this Coverage Form, means the following types of property you own or for which you are legally liable, the value of which is included in the estimated "total project value" shown in the Declarations:

a. Permanent Works

Materials, equipment, machinery, supplies and property of a similar nature that will become a permanent part of the project described in the Declarations during completion of such project or that will be used or expended in the completion of such project.

Completion of the project includes site preparation (including demolition of existing buildings or structures), fabrication, assembly, installation, erection, alteration, renovation and similar construction activities.

b. Temporary Works . .

Cofferdams, construction forms, cribbing, falsework, hoarding, scaffolds, fencing, signs, office trailers (and their "contents") and similar temporary buildings or structures incidental to completion of the project described in the Declarations.

We will cover such property:

- (1) At the job site described in the Declarations; and
- (2) While:
 - (a) In transit to the job site or to a temporary storage location, including loading end unloading from a transporting

conveyance, but only if a Transit Limit of Insurance is shown in the Declarations; or

(b) In temporary storage awalting defivery to the job site but only if a Temporary Storage Limit of Insurance is shown in the Declarations.

2. Property and Costs Not Covered

Covered Property does not include:

- Contraband, or property in the course of illegal transit or trade.
- Buildings or structures that existed prior to the inception of this policy.
- Land and land values and the value of out, fill and backfill materials that existed at the job site prior to the date construction commenced.

But this restriction does not apply to:

- (1) The value of cut, fill and backfill materials purchased for use in the completion of the project to the extent the value of such property is included in the estimated "total project value" shown in the Declarations.
- (2) Labor, material and equipment charges incurred to move, remove, place or otherwise handle cut, fill and packfill materials to the extent such costs are included in the estimated "total project value" shown in the Declarations.
- d. Water, whether in its natural state or otherwise, and whether above or below ground or the cost of recialming or restoring water.
- Trees, plants, shrubs and lawns, except to the extent coverage is provided under the Landscaping Coverage Extension.

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f. Construction equipment not destined to become a permanent part of the project described in the Declarations, including tools, machinery, plant and any related accessories and spare parts for such property. But this restriction does not apply to Temporary Works.

3. Covered Causes of Loss

Govered Causes of Loss means RISKS OF DIRECT PHYSICAL LOSS unless the loss is excluded in Section 8 – EXCLUSIONS.

4. Coverage Extensions

Each of the following Coverage Extensions applies unless *Not Covered* is indicated in the Declarations.

- a. Expediting Expense and Extra Expense
 - (1) In the event of direct physical loss of or damage to Covered Property caused by or resulting from a Covered Cause of Loss, we will pay for the reasonable and necessary;
 - (a) Expediting charges, including overtime, night work; work on public holidays, express and air freight, and the extra cost of rental construction equipment, you incur solely to expedite repair or replacement of the Covered Property sustaining such loss or damage.
 - (b) Extra Expenses you incur during the period of restoration or repair of the Covered Property sustaining such loss or damage that are over and above the total costs that would normally have been incurred during the same period of time had no loss or damage occurred. We will only pay for such extra expenses you incur for the purpose of continuing as nearly as practicable the scheduled progress of undamaged work.

Extra expense includes equipment rental, emergency expenses, additional security, demobilization and remobilization of equipment and facilities, and temporary use of property, all

when necessarily incurred to reduce time delays in the contract schedule.

- (2) We will not pay under this Goverage Extension:
 - (a) For any expense until the amount of the adjusted direct physical loss or damage exceeds the deductible applicable to such loss or damage.
 - (b) For any expense incurred to overcome delays in the scheduled progress of the work:
 - (I) Which existed at the time of loss; or
 - (ii) Resulting from causes which are independent of or which would have occurred in the absence of a covered loss to Covered Property.
 - (c) Except as provided in the Green Building Additional Expense Additional Coverage, for any expense required to attain any level of "green" certification even if such certification existed prior to loss.
 - (d) For any loss of income or "soft costs".

The expiration date of this policy will not cut short the period of restoration or repair.

The Expediting Expense and Extra Expense Limit of Insurance shown in the Declarations is the most we will pay in any one occurrence under this Coverage Extension.

Any payment under this Coverage Extension is included within and will not increase the applicable Limit of Insurance.

b. Fire Protective Systems

If your fire protective equipment discharges accidentally or to control a Covered Cause of Loss, we will pay for your expense to:

- Recharge or refill your fire protective systems; and
- (2) Replace or repair faulty valves or controls that caused the discharge.

The Fire Protective Systems Limit of Insurance shown in the Declarations is the

Page 2 of 19

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most we will pay in any one occurrence under this Coverage Extension.

c. Landscaping

- (1) We will pay for direct physical loss or damage by a Covered Cause of Loss, other than a cause of loss listed in Paragraph (2) below, to trees, plants, shrubs and lawns, the value of which is included in the estimated "total project value" shown in the Declarations.
- (2) We will not pay for loss of or damage to trees, plants, shrubs and lawns caused by or resulting from lack of moisture, infestation, disease, insects, rodents, animals, freezing, weight of ice or snow or windstorm or hail.

The Landscaping Limit of Insurance shown in the Declarations is the most we will pay in any one occurrence under this Coverage Extension.

Any payment under this Coverage Extension is included within and will not increase the applicable Limit of Insurance.

d. Soft Costs

We will pay your "soft costs" during the "period of delay in completion". Such "soft costs" must result from direct physical loss of or damage to Covered Property caused by or resulting from a Covered Cause of Loss which delays the completion of the applicable project described in the Declarations beyond the "planned completion date".

The Soft Costs Limit of insurance shown in the Declarations is the most we will pay in any one occurrence under this Coverage Extension.

e. Temporary Works Other Than Covered Property

If cofferdams, construction forms, cribbing, falsework, hoarding, scaffolds, fencing, signs, office trailers (and their "contents") and similar temporary buildings or structures incidental to completion of the project described in the Declarations are not otherwise Covered Property under this policy, we will pay for direct physical loss or damage by a Covered Cause of Loss to such property when:

(1) You own or are legally liable for such property; and

(2) Such property is at the job site described in the Declarations at the time of such loss or damage.

The Temporary Works Other Than Covered Property Limit of Insurance shown in the Declarations is the most we will pay in total for all such property in any one occurrence under this Coverage Extension.

Any payment under this Coverage Extension is included within and will not increase the applicable Limit of Insurance.

f. Valuable Papers and Records

We will pay your costs to research, replace or restore lost or damaged valuable papers and records; including those which exist on electronic or magnetic media, for which there are no duplicates, Such costs must result from direct physical loss or damage by a Covered Cause of Loss to your valuable papers and records directly related to the applicable project described in the Declarations.

The Valuable Papers and Records Limit of Insurance shown in the Declarations is the most we will pay in any one occurrence under this Coverage Extension.

But we will not pay for loss of or damage to accounts, bills, deeds, evidences of debt, currency, money, notes or securities.

5. Additional Coverages

Each of the following Additional Coverages applies unless Not Covered is indicated in the Declarations.

Additional Cost of Construction Materials and Labor

We will pay for the following costs made necessary by a Covered Cause of Loss to Covered Property at the Job site described in the Declarations:

- (1) Your increased cost of construction materials and labor; and
- (2) Your costs to make changes in construction specifications;

when such loss or damage results in a total loss to Covered Property.

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Page 3 of 19

The Additional Cost of Construction Materials and Labor Limit of Insurance shown in the Declarations is the most we will pay in any one occurrence under this Additional Coverage.

b. Claim Data Expense

- (1) We will pay the reasonable expenses you incur in preparing claim data when we require it to adjust a covered loss. This includes the cost of taking inventories, making appraisals and preparing other documentation to show the extent of loss.
- (2) We will not pay for:
 - (a) Any expenses incurred, directed, or billed by or payable to attorneys, insurance adjusters or their associates or subsidiaries;
 - (b) Any costs as provided in the Appraisal LOSS CONDITION in the COMMERCIAL INLAND MARINE CONDITIONS; or
 - (c) Any expenses incurred, directed, or billed by or payable to insurance brokers or agents, or their associates or subsidiaries, without our written consent prior to such expenses being incurred.

The Claim Data Expense Limit of Insurance shown in the Declarations is the most we will pay in any one occurrence under this Additional Coverage.

c. Construction Contract Penalty

If you agreed in writing prior to loss to pay penalties as a result of your failure to meet completion times within the terms of a written contract, we will pay such penalties you incur when the failure to meet the completion times is solely due to direct physical loss of or damage to Covered Property caused by or resulting from a Covered Cause of Loss.

The Construction Contract Penalty Limit of Insurance shown in the Declarations is the most we will pay in any one occurrence under this Additional Coverage.

d. Debris Removal

(1) We will pay for your expense to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the policy period. The amount we will pay includes the increased costs you incur to divert debris of Covered Property to recycling facilities rather than landfills. Any income or remuneration derived from this recycling will reduce the amount of debris removal expense we would have otherwise paid.

The expenses will be paid only if they are reported to us in writing within 180 days of the date of the loss or damage.

- (2) The most we will pay under this Additional Coverage is 25% of:
 - (a) The amount we pay for direct physical loss of or damage to Covered Property; plus
 - (b) The deductible in this Coverage Form applicable to that loss or damage.

Except as provided in Paragraph (3) below, payment under this Additional Coverage is included within and will not increase the applicable Limit of Insurance shown in the Declarations.

- (3) When the debris removal expense exceeds the 25% limitation in Paragraph (2) above or when the sum of the debris removal expense and the amount we pay for the direct physical loss of or damage to Covered Property exceeds the applicable Limit of Insurance, we will pay up to the Debris Removal Increase Limit of Insurance shown in the Declarations.
- (4) We will not pay under this Additional Coverage for your expense to extract "pollutants" from land or water, or to remove, restore, or replace polluted land or water.

e. Fire Or Police Department Service Charge

We will pay your flability for fire, police or other public emergency service department charges when such public emergency services are called to save or protect Covered Property from a Covered Cause of Loss. Such emergency service department charges must be:

(1) Assumed by contract or agreement prior to loss or damage; or

Page 4 of 19

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(2) Required by local ordinance.

The Fire Or Police Department Service Charges Limit of Insurance shown in the Declarations is the most we will pay in any one occurrence under this Additional Coverage.

No deductible applies to this Additional Coverage.

f. "Fungus", Wet Rot And Dry Rot

- (1) We will pay for direct physical loss of or damage to Covered Property caused by "fungus", wet rot or dry rot, but only when the "fungus", wet rot or dry rot is the result of any of the "specified causes of loss", other than fire or lightning, that occurs during the policy period and only if all reasonable means were used to save and preserve the Covered Property from further damage at the time of and after the occurrence of any such cause of loss.
- (2) We will also pay for the following in connection with loss or damage covered in Paragraph (1) above:
 - (a) The cost of removal of the "fungus", wel rot or dry rot;
 - (b) The cost to tear out and replace any part of the building or structure or other property as needed to gain access to the "fungus", wet rot or dry rot; and
 - (c) The cost of testing performed after removal, repair, replacement or restoration of the damaged Covered Property is completed, provided there is a reason to believe that "fungus", wet rot or dry tot is present.
- (3) The Fungus, Wet Rot And Dry Rot Limit of Insurance shown in the Declarations is the most we will pay under this Additional Coverage in each separate 12 month period of this policy beginning with the effective date shown in the Declarations. This is the most we will pay for the total of all loss or damage covered in Paragraphs (1) and (2) above regardless of the:
 - (a) Number of insureds, claims, job sites or locations;

- (b) Occurrences during each separate 12-month period of this polloy; or
- (c) Types of coverages provided under this policy.

This limit applies even if the "fungus", wet not or dry not connected to any particular occurrence continues to be present or active, or recurs, in a later 12 month period of this policy.

(4) Any payment under this Additional Coverage is included within and will not increase the applicable Limit of Insurance.

g. Green Building Additional Expense

- (1) If, as a result of direct physical loss or damage by a Covered Cause of Loss to a building or structure that is Covered Property, the budgeted level of "green" certification by a "Green Authority" on the building or structure is lost, we will pay for the following reasonable additional expenses you incur to attain the budgeted level of "green" certification from that "Green Authority":
 - (a) The reasonable additional expense you incur to hire a qualified engineer or other professional required by the "Green Authority" to be involved in:
 - Designing, overseeing or documenting the repair or replacement of the lost or damaged building or structure; or
 - (ii) Testing and recalibrating the systems and mechanicals of the lost or damaged building or structure to verify that the systems and mechanicals are performing in accordance with the design of such systems and mechanicals or the specifications of the manufacturer; and
 - (b) The reasonable registration and recentification fees charged by the "Green Authority".
- (2) This Additional Coverage applies to the additional expenses described above that you incur to achieve the budgeted level of "green" certification

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Page 5 of 19

in accordance with the standards of the "Green Authority" that exist at the time of repair or replacement, even if the standards have changed since the original certification was achieved.

The Green Building Additional Expense Limit of Insurance shown in the Declarations is the most we will pay in any one occurrence under this Additional Coverage.

h. Ordinance or Law

- (1) In the event of covered direct physical loss of or damage to a building or structure that is Covered Property, the following coverages apply, but only with respect to that lost or damaged building or structure:
 - (a) Coverage A Coverage For Loss To The Undamaged Portion Of The Building or Structure

We will pay under Coverage A for the loss in value of the undernaged portion of the building or structure as a consequence of enforcement of an ordinance or law that requires demolition of undamaged parts of the same building or structure.

Any payment under Coverage A is included within and will not increase the Limit of insurance applicable to the covered loss to the building or structure.

(b) Coverage B - Demolition Cost Coverage

We will pay under Coverage B the cost to demolish the building or structure and clear the site of undamaged parts of the same building or structure, as a consequence of enforcement of an ordinance or law that requires demolition of such undamaged property.

(c) Coverage C - Increased Cost Of Construction Coverage

We will pay under Coverage C the increased cost to:

- Repair or reconstruct damaged portions of that building or structure; or
- (ii) Reconstruct or remodel undamaged portlons of that building or structure, whether or not demolition is required;

when the increased cost is a consequence of enforcement of the minimum requirements of the ordinance or law.

This Coverage C applies only if the restored or remodeled property is intended for similar occupancy or use as the current property, unless such occupancy or use is not permitted by zoning or land use ordinance. This Coverage C does not apply if the building or structure is not repaired, reconstructed or remodeled.

- (2) The coverages described in Paragraph (1) above apply only if the provisions in Paragraphs (a) and (b) below are satisfied and are then subject to the qualifications set forth in Paragraph (c) below;
 - (a) The ordinance or law:
 - (i) Regulates the demolition, construction or repair of buildings or structures, or establishes zoning or land use requirements at the applicable job site described in the Declarations; and
 - (ii) is in force at the time of the loss.

But the coverage under this Additional Coverage applies only in response to the minimum requirements of the ordinance or law. Losses and costs incurred in complying with recommended actions or standards that exceed actual requirements are not covered under this policy.

- (b) The building or structure either:
 - Sustains direct physical loss or damage that is covered under this policy and such damage results in enforce-

Page 6 of 19

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- ment of the ordinance or law; or
- (ii) Sustains both direct physical loss or damage that is covered under this policy and direct physical loss or damage that is not covered under this policy, and the building or structure damage in its entirety results in enforcement of the ordinance or law.

If the building or structure sustains direct physical loss or damage that is not covered under this policy, and such damage is the subject of the ordinance or law, then there is no coverage under this Additional Coverage even if the building or structure has also sustained covered direct physical loss or damage.

(c) In the situation described in Paragraph (2)(b)(ii) above, we will not pay the full amount of loss otherwise payable under the terms of Coverage A, B or C of this Additional Coverage. Instead, we will pay a proportion of such loss; The proportion of such loss that we will pay is the proportion that the covered direct physical loss or damage bears to the total direct physical loss or damage.

However, if covered direct physical loss or damage, alone, would have resulted in enforcement of the ordinance or law, then we will pay the full amount of loss otherwise payable under the terms of Coverage A, B or C of this Additional Coverage.

- (3) We will not pay under this Additional Coverage for:
 - (a) The enforcement of any ordinance or law which requires demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungus", wel rot or dry rot:

- (b) The costs associated with the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "poliutants" or due to the presence, growth, proliferation, spread or any activity of "fungue", wet rot or dry rot; or
- (c) Loss due to any ordinance or law
 - You were required to comply with before the loss, even if Covered Property was undamaged; and
 - (ii) You failed to comply with.
- (4) Exclusion B.1.e. Ordinance or Law does not apply to the insurance speclifically provided under this Additional Coverage.
- (5) The applicable Limit of Insurance shown in the Declarations under the Ordinance or Law Additional Coverage is the most we will pay in any one occurrence under this Additional Coverage.

If a combined limit of insurance is shown in the Declarations for Coverage B and Coverage C of this Additional Coverage, such limit is the most we will pay for the sum of both coverages in any one occurrence.

Pollutant Clean Up and Removal

- (1) We will pay your expense to extract "pollutants" from land or water at the job site described in the Declarations if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from any of the "specified causes of loss", to Covered Property that occurs during the policy period. The expenses will be paid only if they are reported, to us in writing within 180 days of the date of the loss or damage.
- (2) This Additional Coverage does not apply to costs to test for, monitor or assess the existence, concentration

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Page 7 of 19

or effects of "pollutants". But we will pay for testing which is performed in the course of extracting the "pollutants" from the land or water.

(3) The Pollutant Clean Up and Removal Limit of Insurance shown in the Declarations is the most we will pay under this Additional Coverage for each job site described in the Declarations for the sum of all such expenses arising out of all "specified causes of loss" occurring during each separate 12 month period of this policy beginning with the effective date shown in the Declarations.

. Preservation of Property

If it is necessary to temporarily move Covered Properly from the job site described in the Declarations or a temporary storage location to preserve it from the threat of imminent loss or damage by a Covered Cause of Loss, we will pay for:

- (1) The cost to remove the Covered Properly from the job site or location, temporarily store the Covered Property at another location and move the Covered Property back to the original job site or location within a reasonable time after the throat of imminent loss or damage to the property by the Covered Cause of Loss passes; and
- (2) Any direct physical loss or damage to this property while it is being moved or while temporarily stored at another location if such loss or damage ocours within 180 days after the property is first moved.

Coverage will end when any of the following first occurs:

- (a) When the policy is endorsed to provide insurance at the new location;
- (b) The property is returned to the original location; or
- (c) This policy expires.

The Preservation of Property Limit of Insurance shown in the Declarations is the most we will pay in any one occurrence under this Additional Coverage.

Any payment under this Additional Coverage is included within and and will not

increase the applicable Limit of insurance.

k. Protection of Property

If Covered Property is in imminent danger of systaining direct physical loss or damage from:

- (1) Fire;
- (2) Any storm system that has been declared and named a tropical storm or hurricane by the National Hurricane Center or the Central Pacific Hurricane Center of the National Weather Service, including any tornado or any other wind event that is caused by or results from the named storm; or
- (3) A flood that has been forecasted by the National Weather Service or the U.S. Army Corps of Engineers;

we will pay the necessary and reasonable expenses actually incurred by you to protect that property at the Job site described in the Declarations from such loss or damage, but only if the applicable cause of loss is a Covered Cause of Loss.

You must keep a record of the expenses you incur.

The Protection of Property Limit of Insurance shown in the Declarations is the most we will pay in any one occurrence under this Additional Coverage.

Any payment under this Additional Coverage is included within and will not increase the applicable Limit of Insurance.

I. Reward Coverage

We will reimburse you for reward expenses you have incurred leading to:

- The successful return of undamaged stolen Covered Property to a law enforcement agency; or
- (2) The arrest and conviction of any person who have damaged or stolen any Covered Property.

We will pay 25% of the covered loss, prior to the application of any Deductible and recovery, up to the Reward Coverage Limit of Insurance shown in the Declarations in any one occurrence for the reward payments you make. These reward payments must be documented.

Page 8 of 19

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No Deductible applies to this Additional Coverage.

This Additional Coverage does not apply in the state of New York.

B. EXCLUSIONS

 We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss or damage. These exclusions apply whether or not the loss event results in widespread damage or affects a substantial area.

a. Earth Movement

- Any of the following, all whether naturally occurring or due to man-made or other artificial causes:
 - (a) Earthquake, including tremors and aftershocks, and earth sinking, rising or shifting related to such event;
 - (b) Landslide, including earth sinking, rising or shifting related to such event;
 - (c) Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased;
 - (d) Earth sinking (other than "sinkhole collapse"), rising or shifting; or
 - (e) Volcanic eruption, explosion or effusion.
- (2) If Earth Movement as described in:
 - (a) Paragraphs (1)(a) through (1)(d) above, results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion; or
 - (b) Paragraph (1)(e) above, results in fire, building glass breakage or Volcaric Action, we will pay for the loss or damage caused by that fire, building glass breakage or Volcanic Action.

Volcanic Action means direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:

- Airbome volcanic blast or airbome shock waves;
- (ii) Ash, dust or particulate matter; or
- (III) Lava flow.

With respect to coverage for Volcanic Action as set forth in Paragraphs (i), (ii) and (iii) above, volcanic eruptions that occur within any 168-hour period will consiltate a single occurrence. Volcanic Action does not include the cost to remove ash, dust or particulate matter that does not cause direct physical loss or damage to the described property.

(3) This exclusion does not apply to properly in transit.

b. "Fungus", Wet Rot And Dry Rot

Presence, growth, proliferation, spread or any activity of "fungus", well rot or dry rot. But if "fungus", well rot or dry rot results in a "specified cause of loss", we will pay for loss or damage caused by that Covered Cause of Loss.

This exclusion does not apply:

- (1) When "fungus", wet not or dry rot results from fire or lightning; or
- (2) To the extent that coverage is provided in the "Fungus", Wet Rot And Dry Rot Additional Coverage.

c. Governmental Action

Seizure or destruction of property by order of governmental authority, except as provided in the Ordinance or Law Additional Coverage.

But we will pay for loss or damage caused by or resulting from acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread if the fire would be covered under this Coverage Form.

d. Nuclear Hazard

Nuclear reaction or radiation, or radioactive contamination however caused.

But if nuclear reaction or radiation, or radioactive contamination results in fire, we will pay for the loss or damage caused by that fire if the fire would be covered under this Coverage Form.

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Page 9 of 19

e. Ordinance or Law

- (1) The enforcement of any ordinance or law:
 - (a) Regulating the construction, use or repair of any property; or
 - (b) Requiring the learing down of any property, including the cost of removing its debris.
- (2) This exclusion applies whether the loss results from:
 - (a) An ordinance or law that is enforced even if the property has not been damaged; or
 - (b) The increased costs incurred to comply with an ordinance or law in the course of construction, repair, renovation, remodeling or demolition of property, or removal of its debris, following a physical loss to that property.

f. War and Military Action

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

g. Water

- (1) Any of the following, all whether naturally occurring or due to man-made or other artificial causes:
 - (a) Flood, surface water, waves (including tidel wave and tsunami), tides, tidal water, overflow of any body of water, or spray from any of these, all whether driven by wind (including storm surge) or not:
 - (b). Mudslide or mudflow;
 - (c) Water or sewage that backs up or overflows or is otherwise discharged from a sewer, drain, sump, sump pump or related equipment. However, this exclusion does not apply to the backup

or overflow of water or sewage from drains within a building or structure if the backup or overflow is not otherwise directly or indirectly caused by the Water Exclusions in Paragraphs (a) or (b) above or in Paragraphs (d) or (e) below.

- (d) Water under the ground surface pressing on, or flowing or seeping through:
 - (i) Foundations, walls, floors or paved surfaces;
 - (ii) Basements, whether paved or not; or
 - (iii) Doors, windows or other openings; or
- (e) Waterborne material carried or otherwise moved by any of the water referred to in Paragraphs (a), (c) and (d) above or material carried or otherwise moved by mudsilde or mudflow.
- (2) If Water, as described in Paragraphs (a) through (e) above, results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage.
- (3) This exclusion does not apply to properly in transit.
- We will not pay for loss or damage caused by or resulting from any of the following:

a. Consequential Loss

- Delay, loss of use or loss of market;
 or
- (2) Loss of income, soft costs or extra expenses except as specifically provided in this Coverage Part.

b. Dishonesty

Dishonest or criminal act by you, any of your partners, members, officers, managers, employees (including leased employees), directors, trustees, authorized representatives or anyone to whom you entrust the property for any purpose:

- (1) Acting alone or in collusion with others; or
- (2) Whether or not occurring during the hours of employment.

Page 10 of 19

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This exclusion does not apply to acts of destruction by your employees (including leased employees), but theft by employees is not covered.

This exclusion does not apply to carriers for hire.

c. Missing Property

Property that is missing, where the only evidence of the loss or damage is a shortage disclosed on taking inventory, or other instances where there is no physical evidence to show what happened to the property.

d. Pollution

Discharge, dispensal, seepage, migration, release or escape of "pollutants" unless the discharge, dispensal, seepage, migration, release or escape is itself caused by any of the "specified causes of loss".

But if the discharge, dispersal, seepage, migration, release or escape of "pollutants" results in any of the "specified causes of loss", we will pay for the loss or damage caused by such "specified causes of loss".

e. Rain, Snow, Sleet Or Ice

Rain, snow, sleet or ice, whether driven by wind or not. This exclusion applies only to the following property:

- (1) Personal property left in the open;
- (2) The "interior of a building or structure", or to personal property in the building or structure unless;
 - (a) The building or structure first sustains damage by a Covered Cause of Loss to:
 - (i) its completed exterior facing roof or walls; or
 - (ii) Any reasonable temporary materials or objects intended to protect such properly from such loss;

through which the rain, snow, sleet or ice enters; or

- (b) The loss of damage is caused by or results from the wing of snow, sleet of ice on the building or structure.
- 3. We will not pay for loss or damage caused by or resulting from any of the following. But if

loss or damage by a Covered Cause of Loss results, we will pay for that resulting loss or damage.

- Weather conditions. But this exclusion applies only if weather conditions contribute in any way with a cause or event excluded in Section B.1. above to produce the loss.
- b. Other Types of Losses
 - (1) Rust or other corrosion.
 - (2) Wear and tear, gradual deterioration.
 - (3) Settling, cracking, shrinking or expanding of walls, floors, cellings, foundations, pillings, patios, driveways or pavements.
 - (4) Hidden or latent defect or any quality in property that causes it to damage or destroy itself.
- We will not pay for loss or damage caused by or resulting from faulty, inadequate or defective:
 - a. Planning, zoning, development, surveying, siting;
 - Design, specifications, workmanship, repair, construction, renovation, remodeling, grading or compaction;
 - Materials used in repair, construction, renovation, remodeling, grading or compaction; or
 - d. Maintenance;

of part or all of any property on or off the job site described in the Declarations.

If an excluded cause of loss listed in Paragraph 4.a. through 4.d. above, results in a Covered Cause of Loss, we will pay for the resulting loss or damage caused by that Covered Cause of Loss. But we will not pay for:

- (1) Any cost of correcting or making good the fault, inadequacy or defect itself, including any cost incurred to tear down, tear out, repair or replace any part of any property to correct the fault, inadequacy or defect;
- (2) Any resulting loss or damage to the property that has the fault, inadequacy or defect until the fault, inadequacy or defect is corrected.

CM T2 21 04 13

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Page 11 of 19

C. LIMITS OF INSURANCE

The most we will pay for loss or damage in any one occurrence is the applicable Limit of Insurance shown in the Declarations, Schedule(s), Coverage Form(s) or Endorsement(s). But in the event coverage for loss or damage is provided under the Coverage Extensions or Additional Coverages, the Limits of Insurance for such Coverage Extension or Additional Coverage will apply as additional amounts of insurance, unless otherwise stated within the Coverage Extension or Additional Coverage.

D. DEDUCTIBLE

We will not pay for loss or damage in any one occurrence until the amount of the adjusted loss or damage exceeds the applicable Deductible shown in the Declarations, Schedule(s), Coverage Form(s) or Endorsement(s). We will then pay the amount of the adjusted loss or damage in excess of the Deductible, up to the applicable Limit of Insurance.

The applicable Deductible shown in the Declarations applies to the Coverage Extensions and Additional Coverages unless otherwise stated in the Coverage Extension or Additional Coverage.

Unless otherwise stated, if more than one Deductible amount applies to loss or damage in any one occurrence, the total of the deductible amounts applied in that occurrence will not exceed the amount of the largest applicable Deductible.

E. ADDITIONAL CONDITIONS

The following conditions apply in addition to the COMMERCIAL INLAND MARINE CONDITIONS and the COMMON POLICY CONDITIONS.

1. Additional Named Insured

The following persons or organizations are included as Additional Named Insureds when you have agreed in a written contract or written agreement, executed prior to loss, to name such persons or organizations as an Additional Named Insured, but only to the extent of their financial interest in the Covered Property:

- a. Owners of Covered Property;
- b. Mortgagees or loss payees;
- Contractors, sub contractors and sub-sub contractors; and
- d. Lessors or lessees.

2. Coinsurance

If a Coinsurance Percentage is shown in the Declarations for the applicable project, the following condition applies:

a. We will not pay the full amount of any loss if the applicable "total project value" at the time of loss multiplied by the steted Coinsurance Percentage is greater than the applicable Covered Property Limit of Insurance.

Instead, we will determine the most we will pay using the following steps:

Step (1) Multiply the "total project value" at the time of loss by the Coinsurance Percentage.

Step (2) Divide the Covered Property Limit of Insurance by the figure determined in Step (1).

Step (3) Multiply the total amount of the covered loss, before the application of any deductible, by the figure determined in Step (2).

Step (4) Subtract the deductible from the figure determined in Step (3).

We will pay the amount determined in Step (4) or the Limit of Insurance, whichaver is less:

For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

- b. Coinsurance does not apply to:
 - (1) Additional Coverages; or
 - (2) Coverage Extensions.

3. Duties in the Event of Loss

The following duties are added to the Duties In The Event of Loss LOSS CONDITION in the COMMERCIAL INLAND MARINE CONDITIONS:

You must see that the following are done in the event of loss:

 You must make every effort to meet the applicable "planned completion date",

This includes:

- (1) Resuming, as soon as possible, all or any part of the construction or repair; or
- (2) Using temporary or substitute:
 - (a) Facilities, services, suppliers or customers; or

Page 12 of 19

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- (b) Machinery, equipment, supplies or materials.
- b. If any portion of Covered Property was in operation or use for its intended purpose at the time of loss, you must resume all or part of the operation or use as quickly as possible if you intend to continue your business.

This includes using:

- Damaged or undamaged property at the job site described in the Declarations or elsewhere; or
- (2) Temporary or substitute:
 - (a) Facilities, services, suppliers or customers; or
 - (b) Machinery, equipment, supplies or materials.
- c. Notify us of any payment you receive from others due to a delay in the completion of construction beyond the "planned completion date".

If you do not resume the operation or use of Covered Property as quickly as possible or make every effort to meet the applicable "planned completion date", we will only pay the amount of loss we would have otherwise paid if you had complied with the above conditions.

4. Jurisdictional inspections

At your option, we will provide certificate-ofoperation inspection services for bollers and other pressure vessels where:

- You have notified us of equipment that is insured under this Coverage Form and that requires a certificate-of-operation;
- b. The certificate-of-operation is required by state, city or provincial law; and
- The state, city or provincial law permits inspections by insurance company employees.

Certificate-of-operation inspection services shall be provided only in the United States of America, Puerto Rico and Canada as allowed by state, city or provincial law.

5. Knowledge of Occurrence

a. You must give written notice of any occurrence of loss to us or any of our authorized agents as soon as practicable after knowledge of the loss or damage is received by you, one of your executive officers who handles insurance matters or a risk manager of any named insured.

- b. Knowledge of an incident by your agent, servant or employee, which could give rise to a claim, will not in itself constitute knowledge by you unless you, one of your executive officers who handles insurance matters or a risk manager of any named insured have received such notice from your agent, servant or employee.
- c. Your rights under this insurance will not be prejudiced if there is a fallure to give notice of an occurrence of loss or damage due solely to your reasonable belief that the loss or damage is not covered under this insurance.

6. Liberalization

If we adopt any revision that would broaden the coverage under this Coverage Part without additional premium within 60 days prior to or during the policy period, the broadened coverage will immediately apply to this Coverage Part.

7. Loss Payment

The Loss Payment LOSS CONDITION in the COMMERCIAL INLAND MARINE CONDITIONS is replaced by the following:

Loss Payment

- a. In the event of loss or damage covered by this Coverage Form, at our option, we will either:
 - (1) Pay the value of lost or damaged property;
 - (2) Pay the cost of repairing or replacing the lost or damaged property, subject to Paragraphs b. and c. below;
 - (3) Take all or any part of the property at an agreed or appraised value; or
 - (4) Repair, rebuild or replace the property with other property of like kind and quality, subject to Paragraphs b., c. and d. below.

We will determine the value of lost or damaged property, or the cost of its repair or replacement, in accordance with the applicable terms of the Valuation ADDITIONAL CONDITION in this Coverage Form or any applicable provision which amends or supersedes such Condition.

 Except as provided in the Ordinance or Law Additional Coverage, the cost to re-

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Page 13 of 19

pair, rebuild or replace does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.

c. Ordinance Or Law

The following loss payment provisions apply to coverage under the Ordinance Or Law Additional Coverage and are subject to the apportionment procedures set forth in such Additional Coverage:

- (1) For a loss in value of an undamaged portion of Covered Property to which Coverage A – Coverage For Loss To The Undamaged Portion Of The Building or Structure applies, the loss payment for that building or structure, including damaged and undamaged portions, will be determined as follows:
 - (a) If Replacement Cost Coverage applies and the property is being repaired or replaced, on the same or another job site, we will not pay more than the lesser of:
 - (i) The cost to repair, rebuild or reconstruct the building or structure, but not for more than the amount it would cost to restore that building or structure on the same location and to the same hight, floor area, style, capacity and comparable quality of the original property insured; or
 - (ii) The Limit of insurance shown in the Declarations as applicable to the covered building or structure.
 - (b) If Replacement Cost Coverage applies and the property is not repaired or replaced, or if Replacement Cost Coverage does not apply, we will not pay more than the lesser of:
 - The Actual Cash Value of the building or structure at the time of loss; or
 - (ii) The Limit of insurance shown in the Declarations as appli-

cable to the covered building or structure.

- (2) Loss payment under Coverage B Demolition Cost Coverage will be determined as follows:
 - We will not pay more than the lesser of the following:
 - (a) The amount you actually spend to demolish and clear the site; or
 - (b) The applicable Demolition Cost Coverage Limit of Insurance shown in the Declarations.
- (3) Loss payment under Coverage C Increased Cost Of Construction Coverage will be determined as follows:
 - (a) We will not pay under Coverage C - Increased Cost Of Construction Coverage;
 - Until the property is actually repaired or replaced, at the same or another job site; and
 - (II) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.
 - (b) If the Covered Building or Structure is repaired or replaced at the same Job site, or if you elect to rebuild at another Jocation, the most we will pay under Coverage C Increased Cost Qf Construction Coverage is the Jesser of:
 - The increased cost of construction at the same job site;
 or
 - (ii) The applicable increased Cost of Construction Coverage Limit of Insurance shown in the Declarations.
 - (c) If the ordinance or law requires relocation to another location, the most we will pay under Coverage C – Increased Cost Of Construction Coverage is the lesser of:
 - The increased cost of construction at the new location; or

Page 14 of 19

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- (ii) The applicable Increased Cost of Construction Coverage Limit of Insurance shown in the Declarations.
- d. Except as specifically provided in the Green Building Additional Expense, the cost to repair, rebuild or replace does not include any expenses you incur to attain any level of "green" certification.
- e. Soft Costs Loss Determination

The following loss payment provisions apply to "soft costs" coverage:

The actual amount of "soft costs" will be determined based on your budgeted costs for the applicable project described in the Declarations had loss of or damage to Covered Property from any of the Covered Causes of Loss not occurred.

The amount of the "soft costs" loss will also be determined based on other relevant sources of information, including:

- Your financial records and accounting procedures;
- (2) Bills, invoices and other youchers;
- (3) Deeds, liens or contracts; and
- (4) Any amounts by which the amount of loss is reduced due to your failure to perform the duties in the event of loss outlined in this policy.
- f. With respect to our options under Paragraphs a.(1) through a.(4) above, we will give notice of our intentions within 30 days after we receive the swom proof of loss.
- g. We will not pay you more than your financial interest in the Covered Property.
- h. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.
- We may elect to defend you against suits arising from claims of owners of property.
 We will do this at our expense.
- We will pay for covered loss within 30 days after we receive the swom proof of loss, if you have complied with all of the terms of this Coverage Part and:

- (1) We have reached agreement with you on the amount of loss; or
- (2) An appraisal award has been made.
- k. We will not be liable for any part of the loss or damage that has been paid or made good by others.
- At our option, we may make a partial payment toward any claim, subject to the policy provisions and our normal adjustment process. To be considered for a partial claim payment, you must submit a partial sworn proof of loss with supporting documentation. Any applicable policy deductibles must be satisfied before any partial payments are made.

8. Minimum Earned Premium

If a Minimum Earned Premium is shown in the Declarations, such premium is the least amount of premium you must pay when the actual earned premium for this coverage is less than the Minimum Earned Premium.

The Minimum Earned Premium does not apply if we cancel coverage other than at your request.

9. Other Insurance

The Other Insurance LOSS CONDITION in the COMMERCIAL INLAND MARINE CONDITIONS is replaced by the following:

a. Other insurance

Except as stated in the Contributing Insurance and Excess Insurance in Paragraphs b. and c. below, if there is other insurance covering the same loss or damage as this Coverage Part we will pay only for the amount of covered loss in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit of insurance.

b. Contributing insurance

You may have other insurance subject to the same plan, terms, conditions and provisions as the insurance under this Coverage Part. If you do, we will pay our share of the covered loss. Our share is the proportion that the applicable Limit of insurance under this Coverage Part bears to the Limits of insurance of all insurance covering on the same basis.

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Page 15 of 19

c. Excess insurance

You may have excess insurance over the Limit(s) of insurance set forth in this Coverage Part without prejudice to this Coverage Part. The existence of such insurance will not reduce our liability under this Coverage Part.

10. Policy Period-

We dover loss or damage commencing with the inception date of the policy period shown in the Declarations and ending when any one of the following first occurs:

- a. This policy expires or is cancelled;
- Final acceptance of the applicable project described in the Declarations by the owner;
- Your interest in the applicable project described in the Declarations ceases;
- d." Insurance other than Builders' Risk is obtained on the building or structure; or
- e. You abandon the property with no intention to complete it.

11. Premium Adjustment

a. Estimated Premium

If an Estimated Project Term Premium is shown in the Declarations for the applicable project, that premium was developed using the applicable estimated "total project value" shown in the Declarations and is subject to adjustment as outlined in this Additional Coverage Condition.

b. Reporting

(1) Within 30 days after final completion of the applicable project described in the Declarations, you must report, to us in writing, the Final Premium Base and other information outlined below.

The Final Premium Base is the "total project value" at the date of final completion,

You must also report the date construction was completed and coverage under this policy ended.

(2) Cancellation or Nonrenewal

If coverage under this policy was cancelled or nonrenewed, you must report, to us in writing, the Final Premium Base of each project described in the Declarations.

The Final Premium Base is the "total project value" as of the date of cancellation or nonrenewal.

c. Final Premium

Your Final Premium for the applicable project described in the Declarations is computed using the following steps:

Step 1: Multiply the applicable Annual Rate shown in the Declarations by the Final Premium Base = Actual Annual Premium.

Step 2: Adjust the Actual Annual Premium for the actual length of time coverage was provided under this policy for that project = Actual Term Premium.

Step 3: If the Actual Term Premium Is greater than the applicable Estimated Premium, subtract the applicable Estimated Premium from the Actual Term Premium. This is the additional premium due. All additional premium is due and payable as of the date of the Premium Adjustment.

Step 4: If the Actual Term Premium is greater than the Minimum Earned Premium shown in the Declarations, but less than the applicable Estimated Premium, subtract the Actual Term Premium from the applicable Estimated Premium. We will refund this amount to you.

Step 5: If the Actual Term Premium is less than the Minimum Earned Premium shown in the Declarations and less than the applicable Estimated Premium, subtract the Minimum Earned Premium from the applicable Estimated Premium. We will refund this amount to you.

d. Records

You must keep accurate records of transactions used to develop the Premium Base required for Premium Adjustment.

12. Reinstatement of Limit After Loss

The Reinstalement of Limit After Loss LOSS CONDITION in the COMMERCIAL INLAND MARINE CONDITIONS is replaced by the following:

Reinstatement of Limit After Loss

With the exception of any applicable annual aggregate Limit of Insurance, the Limit of Insurance will not be reduced by the payment of any claim.

Page 16 of 19

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13. Transfer Of Rights Of Recovery Against Others To Us

The Transfer Of Rights Of Recovery Against Others To Us LOSS CONDITION in the COMMERCIAL INLAND MARINE CONDITIONS is replaced by the following:

Transfer Of Rights Of Recovery Against Others To Us

If any person or organization to or for whom we make payment under this insurance has rights to recover damages from another, those rights are transferred to us to the extent of our payment. That person or organization must do everything necessary to secure our rights and must do nothing after loss or damage to impair them.

- a. In accordance with any provision set forth in the applicable signed construction contract, prior to loss or damage any Named Insured may walve their rights to recover damages against any Individual, corporation, or entity:
 - (1) With a financial interest in Covered Property; or
 - (2) That is a contractor or subcontractor performing work at the job site described in the Declarations.

But this waiver to recover damages does not apply to:

- (a) Any architect, engineer or other party or entity responsible for any design, specifications or plans for the fabrication, erection or completion of Covered Property with respect to loss or damage that may be caused by fault, defect, error or omission in such design, specifications or plans; or
- (b) Any contractor, manufacturer or supplier of machinery, equipment or other insured property that has agreed to make good loss or damage under a guaranty or warranty.
- b. You may also waive your rights against another party in writing after a loss under this Coverage Part only If, at time of loss, that party is one of the following:
 - (1) A business firm:
 - (a) .Owned or controlled by you; or
 - (b) That owns or controls you; or
 - (2) Your tenant.

This will not restrict your insurance.

14. Unintentional Errors in Description

Your error in how you describe the address of the Job site shown in the Declarations shall not prejudice coverage afforded by this policy, provided such error is not intentional. Any such error shall be reported and corrected when discovered and appropriate premium charged.

15. Valuation

The Valuation GENERAL CONDITION in the COMMERCIAL INLAND MARINE CONDITIONS is replaced by the following:

Valuation

In the event of loss or damage, the value of Covered Property at the time of loss or damage will be determined as follows:

- a. At replacement cost as of the time of loss or damage, except as otherwise provided in this Valuation GENERAL CONDITION. Replacement cost is the cost to replace Covered Property at the time of loss or damage without deduction for depreciation.
 - (1) You may make a claim for loss or damage covered by this insurance on an actual cash value basis instead of on a replacement cost basis. In the event you elect to have loss or damage settled on an actual cash value basis, you may still make a claim on a replacement cost basis if you notify us of your intent to do so within 180 days after the loss or damage.
 - (2) We will not pay on a replacement cost basis for any loss or damage:
 - (a) Until the lost or damaged property is actually repaired or replaced; and
 - (b) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage.

Instead, we will pay on an actual cash value basis. This restriction does not apply to losses less than \$50,000.

 Property of others at the amount for which you are liable, not to exceed the replacement cost.

CM T2 21 04 13

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Page 17 of 19

- We will not pay more for loss or damage on a replacement cost basis than the least of the following subject to Paragraph d, below
 - (1) The Limit of insurance applicable to the lost of damaged property;
 - (2) The cost to replace, at the same job site, the jost or damaged property with other property;
 - (a) Of comparable material and quality; and
 - (b) Used for the same purpose; or
 - (3) The amount you actually spend that is necessary to repair or replace the lost or damaged property.
 - (4) The cost to replace Covered Property Includes:
 - (a) Labor and delivery charges; and
 - (b) General and specific overhead and profit:
 - Only as related directly to the repair or replacement of the Covered Property sustaining covered loss or damage; and
 - (ii) At the same percentages as included, immediately prior to the covered loss or damage, in the "total project value" for the applicable project shown in the Declarations.

If a building or structure is rebuilt at a different location, the cost described in Paragraph (2) above is limited to the cost which would have been incurred had the building or structure been built at the original job site described in the Declarations.

d. The cost to repair, rebuild, or replace does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property, except as provided in the Additional Coverage — Ordinance or Law.

18. Where Coverage Applies

We cover properly that is in:

 The United States of America (including its territories and possessions);

- b. Puerto Rico; or
- c. Canada.

But we do not cover property in transit to or from Hawaii, Puerto Rico or any United States of America territory or possession.

F. DEFINITIONS

- "Contents" means business personal property and home furnishings.
- "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.
- "Green" means products, materials, methods and processes that conserve natural resources, reduce energy or water consumption, avoid toxic or other polluting emissions or otherwise minimize the environmental impact.
- "Green Authority" means a recognized authority on "green" buildings or structures or "green" products, materials or processes.
- "Interior of a building or structure" means any portion of a building or structure that, at completion of construction, will be within the exterior facing building material of that building or structure.
- "Period of dolay in completion" means the period of time that:
 - Begins with the "planned completion date" or after any applicable Soft Costs Waiting Period shown in the Declarations from the "planned completion date", whichever is later; and
 - Ends on the date when Covered Property should be completed using reasonable speed and similar quality.

"Period of delay in completion" does not include any increased period required to attain any level of "green" certification.

The expiration date of this policy will not cut short the "period of delay in completion".

7. "Planned completion date" means the date the applicable project described in the Declarations would be put into operation or use for its intended purpose in the normal course of construction if loss of or damage to Covered Property from any of the Covered Causes of Loss had not occurred.

Page 18 of 19

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- 8. "Pollutants" means any soild, liquid, gaseous or thermal initiant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals, waste and any unhealthful or hazardous building materials (including asbestos and lead products or materials containing lead). Waste includes materials to be recycled, reconditioned or reclaimed.
- 9. "Sinkhole collapse" means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. "Sinkhole collapse" does not mean the cost of filling sinkholes or the sinking or collapse of land into man-made underground cavities.
- "Soft costs" means your actual and necessary business costs in excess of your budgeted amount for the project consisting only of:
 - a. Advertising and promotional expenses.
 - b. Architect, engineer, designer and consultant fees.
 - Costs resulting from the renegotiation of your sales contract, leases or construction loans.
 - d. General overhead and administrative expenses, other than legal, accounting and professional fees.
 - e. Insurance premiums.
 - Interest on money borrowed to finance construction.
 - g. Legal and accounting fees and other costs to renegotiate and prepare revised contracts and other documents.
 - These expenses cannot be used for preparation of claims or to establish liability for loss.
 - h. Permit and Inspection Fees.
 - I. Realty taxes and realty assessments.
- 11. "Specified causes of loss" means fire; lightning; explosion; windstorm or hall; smoke (including the emission or pulf back of smoke, soot, furnes or vapore from a boiler, furnace or related equipment); alroraft or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; "sinkhole collapse"; volcanic action; falling objects as limited below; weight of snow, ice or sleet; "water damage"; all only as otherwise insured against in this Coverage Part.

Falling objects does not include loss or damage to:

- a. Personal property in the open; or
- b. The "interfor of a building or structure" or personal properly inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.
- 12. "Total project value" means the sum of all costs to complete the applicable project described in the Declarations including labor, construction management fees, delivery charges, administrative expenses, overhead, and reasonable profit.
- 13. "Volcanic action" means direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:
 - Airborne volcante blast or airborne shock waves:
 - b. Ash, dust or particulate matter; or
 - c. Lava flow.

"Volcanic action" does not mean the cost to remove ash, dust or particles that do not cause direct physical loss or damage.

All volcanic eruptions that occur within any 168 - hour period will constitute a single occurrence.

14. "Water damage" means:

- a. Accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of a plumbing, heating, air conditioning or other system or appliance (other than a sump system including its related equipment and parts) that is located on the applicable job site described in the Declarations and contains water or steam; and
- b. Accidental discharge or leakage of water as the direct result of the breaking apart or oracking of a water or sewer pipe that is located off the applicable job site described in the Dectarations, if the breakage or cracking is caused by wear and tear. This provision serves as an exception to the wear and tear exclusion under the Other Types of Losses Exclusion in Section B.3.b. But water damage does not include loss or damage otherwise excluded under the terms of the Water Exclusion B.1.g..

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Page 19 of 19

CONSTRUCTION PAK – BUILDERS' RISK SPECIAL TIME ELEMENT COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this Coverage Form, the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section E – DEFINITIONS of this Coverage Form and Section F – DEFINITIONS of the CONSTRUCTION PAK – BUILDERS' RISK COVERAGE FORM.

A. COVERAGE

Covered Property as used throughout this Coverage Form means property that is Covered Property under the CONSTRUCTION PAK – BUILD-ERS' RISK COVERAGE FORM.

The following Special Time Element Coverages apply when indicated by an 'X' in the Declarations for the applicable project.

1. "Business Income"

We will pay the actual loss of "business income" you sustain due to the partial or complete:

- a. Cessation of your business activities; or
- Delay in start up of your business activities;

during the "post-loss period of repair or construction". Such dessation or delay must be caused by or result from direct physical loss of or damage to Covered Property by a Covered Cause of Loss:

2. "Rental Value"

We will pay the actual loss of "rental value" you sustain due to the partial or complete:

- a....Cessation of your business activities; or
- b. Delay in start up of your business activities;

during the "post-loss period of repair or construction". Such cessation or delay must be caused by direct physical loss of or damage to Covered Property by a Covered Cause of Loss.

3. "Soft Costs"

We will pay your "soft costs" during the "period of delay in completion". Such "soft costs" must result from direct physical loss of or damage to Covered Property caused by or resulting from a Covered Cause of Loss which delays the completion of the applicable

project beyond the "planned completion date".

4. Additional Coverages

a. Civil Authority

- (1) When a Covered Cause of Loss causes damage to properly other than proporty at a job site described in the Declarations, Special Time Element Coverage as provided and limited in this Coverage Form is extended to apply to the amount of loss caused by action of civil authority that prohibits access to the applicable job site described in the Declarations provided that both of the following apply:
 - (a) Access to the area immediately surrounding the damaged property is prohibited by civil authority as a result of such damage, and the applicable job site described in the Declarations is within that area but not more than one mile from the damaged property; and
 - (b) The action of civil authority is taken in response to dangerous physical conditions resulting from such damage or continuation of the Covered Cause of Loss that caused the damage, or the action is taken to enable a civil authority to have unimpeded access to the damaged property.
- (2) Civil Authority Coverage begins 72 hours after the time of the first ection of the Civil Authority that prohibits access to the applicable job site and will apply for a period of up to 30 consecutive days from the date on which the coverage begins.

CM T2 23 04 13

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Page 1 of 4

(3) The Waiting Period shown in the Declarations or any Special Time Element Deductible shown elsewhere in this policy does not apply to this Additional Coverage.

b. Claim Data Expense

- (1) We will pay the reasonable expenses you incur in preparing claim data when we require it to adjust a covered loss. This includes the cost of preparing income statements and other documentation to show the extent of loss.
- (2) We will not pay for:
 - (a) Any expenses incurred, directed, or billed by or payable to attorneys, insurance adjusters or their associates or subsidiaries;
 - (b) Any costs as provided in the Appraisal LOSS CONDITION; or
 - (c) Any expenses incurred, directed, or billed by or payable to insurance brokers or agents, or their associates or subsidiaries, without our written consent prior to such expenses being incurred.
- (3) The most we will pay in any one occurrence under this Additional Coverage is \$50,000.

c. Expense To Reduce Loss

We will pay the reasonable and necessary expense you incur during the "post-loss period of repair or construction" if you would not have incurred such expense had there not been loss of or damage to Covered Property by a Covered Cause of Loss. But we will not pay more for your expense than the amount by which such expense reduces the loss we would have otherwise paid under this Coverage Form.

Any payment under this Additional Coverage is included within and will not increase the applicable Limit of insurance.

5. Covered Causes of Loss

Covered Causes of Loss means RISKS OF DIRECT PHYSICAL LOSS unless the loss is excluded or limited in:

- a. Section B EXCLUSIONS of the CON-STRUCTION PAK – BUILDERS' RISK COVERAGE FORM; or
- Section B EXCLUSIONS of this Coverage Form; or

c. In the Declarations or by endorsement.

B. EXCLUSIONS

The following exclusions apply in addition to the exclusions and limitations contained in the CONSTRUCTION PAK — BUILDERS' RISK COVERAGE FORM.

We will not pay for loss that is directly or indirectly due to an increase in the "period of delay in completion" or the "post-loss period of repair or construction" caused by any of the following. Such loss is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the following:

- The enforcement of any ordinance or law that:
 - Regulates the construction, use, repair, replacement, or requires the tearing down of any property;
 - Regulates the prevention, control, repair, cleanup or restoration of environmental damage; or
 - c. Requires you or others to test for, montor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to or assess the effects of "pollutants".
- Interference by strikers or other persons affecting:
 - Construction or repair of the Covered Property; or
 - Operation or use of the applicable project described in the Declarations if the building or structure was operating or being used for its intended purpose at the time of loss or damage.
- Irregularities in production, shipment, or transportation of any property to be used in the construction or repair of the Covered Property.
- Suspension, lapse, or cancellation of any lease, permit, license, contract or order.
- Breach of contract, late or noncompliance with orders, or penalties of any nature.
- 6. Weather conditions.
- Deficiencies in the original designs, specifications, materials or construction.
- 8. Lack of funds or lack of work force.
- 9. Any other consequential loss.

C. LIMITS OF INSURANCE

The most we will pay for loss or damage in any one occurrence is the applicable Limit of insurance shown in the Declarations, Schedule(s), Coverage Form(s) or Endorsement(s). But in the

Page 2 of 4

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event coverage for loss or damage is provided under the Additional Coverages, the Limits of Insurance for such Additional Coverage will apply as additional amounts of insurance, unless otherwise stated within the Additional Coverage.

D. ADDITIONAL CONDITIONS

The following conditions apply in addition to the COMMERCIAL INLAND MARINE CONDITIONS, the COMMON POLICY CONDITIONS and the ADDITIONAL CONDITIONS of the CONSTRUCTION PAK — BUILDERS' RISK COVERAGE FORM.

1. Appraisal

If we and you disagree on the amount of net income and operating expense or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser.

The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of Net Income and operating expense or amount of loss. If they fall to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser; and
- Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

2. Loss Payment

The following loss payment previsions apply in addition to the loss payment provisions contained in the CONSTRUCTION PAK - BUILDERS RISK COVERAGE FORM.

Business Income and Rental Value Loss Determination

- The actual loss of "ousiness income" and "rental value" you sustain will be determined based on:
 - (1) The het income and fair rental value of the business before the direct physical loss or damage occurred;
 - (2) The likely net income and fair rental value of the business if no physical loss or damage had occurred, but not including any net income or fair rental value that would likely have been earned as a result of an increase in the volume of business due to favor-

able business conditions caused by the impact of the Covered Cause of Loss on customers or on other businesses; and

- (3) As applicable, the operating or construction expenses, including payroll expenses, necessary to resume the operation or use of Covered Property or construction of Covered Property with the same quality of service or construction that existed just before the direct physical loss or damage.
- In addition to Paragraph a, above, the amount of loss will also be determined based on other relevant sources of information, including:
 - Your financial records and accounting procedures;
 - (2) Bills, invoices and other vouchers;
 - (3) Deeds, liens or contracts; and
 - (4) Any amounts by which the amount of loss is reduced due to your failure to perform the duties in the event of loss outlined in this policy.

E. DEFINITIONS

- 1. "Business Income" means the sum of:
 - The net profit or loss (before income taxes) from the operation or use of the applicable project for its intended purpose; and
 - The continuing normal operating expenses, including payroll, of the operation or use of the applicable project for its inlended purpose;

less your "rental value".

- "Post-loss period of repair or construction" means the period of time after direct physical loss of or damage to Covered Properly by a Covered Cause of Loss that;
 - With respect to Covered Property not operating or in use for its intended purpose at the time of such loss or damage:
 - (1) Begins with the "planned completion date" or after any applicable Waiting Period shown in the Declarations from the "planned completion date", whichever is later; and
 - (2) Ends on the date when Covered Property should be completed using reasonable speed and similar quality.

CM T2 23 04 13

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Page 3 of 4

- With respect to Covered Property operating or in use for its intended purpose at the time of such loss or damage;
 - Begins immediately or after any applicable Welling Period shown in the Declarations whichever is later; and
 - (2) Ends on the earlier of:
 - (a) The date when such property should be repaired, rebuilt or replaced with reasonable speed and similar quality; or
 - (b) The date when business is resumed at a new permanent job site.
- c. "Post-loss period of repair or construction" does not include any increased period required to attain any level of "green" certification.
- d. The expiration date of this policy will not cut short the "post-loss period of repair or construction".

- 3. "Rental value" means the sum of:
 - The total resital income from the tenant occupancy of the applicable completed project, as furnished and equipped by you:
 - The amount of all charges which are the legal obligation of the tenant(s) and which would otherwise be your obligations; and
 - c. The fair rental value of any portion of the applicable completed project which would have been occupied by you.
- "Soft costs" means your actual and necessary business costs in excess of your budgeted amount for the applicable project consisting only of the type shown in the Declarations.

The "Soft Costs" Definition in Section F — DEFINITIONS of the CONSTRUCTION PAK — BUILDERS' RISK COVERAGE FORM does not apply to this Coverage Form.

THIS ENDORSEMENT CHANGES THE POLICY, PLEASE READ IT CAREFULLY.

CONSTRUCTION PAK - BUILDERS' RISK AMENDATORY ENDORSEMENT

FLOOD CAUSE OF LOSS

This endorsement modifies insurance provided under the following:

CONSTRUCTION PAK - BUILDERS' RISK COVERAGE FORM CONSTRUCTION PAK - BUILDERS' RISK SPECIAL TIME ELEMENT COVERAGE FORM

A. APPLICATION OF THIS ENDORSEMENT

 This endorsement applies at the job site for which a Flood Limit of Insurance is shown in the Declarations.

This endorsement also applies to:

- Temporary storage locations if property at such a location is destined to become a part of the project at the job site to which this endorsement applies;
- b. The Civil Authority Additional Coverage in the CONSTRUCTION PAK – BUILDERS' RISK SPECIAL TIME ELEMENT COV-ERAGE FORM, but only with respect to the job site to which this endorsement applies; and
- c. Any Ingress or Egress Additional Coverage as otherwise provided by the CON-STRUCTION PAK BUILDERS' RISK SPECIAL TIME ELEMENT COVERAGE FORM, but only with respect to the job site to which this endorsement applies.
- This endorsement does not apply to, or modify, any limits or deductibles that apply to:
 - The insurance otherwise provided under this Coverage Form for loss or damage by:
 - (1) Fire, explosion or sprinkler leakage that results from flood; or
 - (2) Water or sewage from drains within a building if the backup or overflow is not otherwise directly or indirectly caused by Water that is excluded in provisions (a), (b), (d) or (e) of the Water exclusion in Section B EXCLUSIONS, Part 1, Paragraph g. of the CONSTRUCTION PAK BUILDERS RISK COVERAGE FORM;
 - Any other insurance provided under this Coverage Form for loss or damage to which the Water exclusion in Section B —

EXCLUSIONS, Part 1, Paragraph g. of the CONSTRUCTION PAK – BUILDERS' RISK COVERAGE FORM does not apply.

B. COVERED CAUSES OF LOSS

"Flood" is added to the Covered Causes of Loss and to the "specified causes of loss".

All "flood" loss that occurs:

- During a continuous or protracted event, such as a period of continued rising or overflow of any river(s), stream(s) or any body(les) of water and the subsidence of same within the banks of such river(s), stream(s) or body(les) of water, or
- Due to any tidal wave or series of tidal waves that occur within any 168 hour period;

will constitute a single "flood" occurrence. If "flood" loss commences prior to the expiration date of this policy and the "flood" occurrence extends beyond the expiration date of this policy, the expiration date of this policy will not reduce the "flood" occurrence period.

C. FLOOD DEFINED

The following is added to Section F - DEFINITIONS of the CONSTRUCTION PAK - BUILD-ERS RISK COVERAGE FORM:

"Flood" means the following, all whether naturally occurring or due to man-made or other artificial causes, and includes waterborne material carried or otherwise moved by any of the water referred to in Paragraphs 1., 3. and 4. below and material carried or otherwise moved by mudslide or mudslide.

- Flood, surface water, waves (including tidal wave and tsunami), tides, tidal water, overflow of any body of water, or spray from any of these, all whether driven by wind (including storm surge) or not;
- 2. Mudslide or mudflow;
- Water or sewage that backs up, overflows or is otherwise discharged from a sewer, drain,

CM T2 25 04 13

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Page 1 of 3

sump, symp pump or related equipment (other than the backup or overflow of water or sewage from drains within a building to which the exception in provision (c) of the Water exclusion in Section B — EXCLUSIONS, Part 1, Paragraph g. of the CONSTRUCTION PAK—BUILDERS' RISK COVERAGE FORM applies); and

- 4. Water under the ground surface pressing on, or flowing or seeping through:
 - Foundations, walls, floors or paved surfaces:
 - b. Basements, whether paved or not; or
 - c. Doors, windows or other openings.

D. EXCLUSIONS AND RELATED PROVISIONS

- Under the Exclusions contained in Section B
 EXCLUSIONS, Part 1. of the CONSTRUCTION PAK BUILDERS' RISK COVERAGE FORM:
 - a. Exclusion a., Earth Movement, does not apply to the coverage otherwise provided under this endorsement for loss or damage caused by or resulting from:
 - (1) Mudslide or mudflow that is caused by or precipitated by the accumulation or runoff of water on or below the surface of the ground; or
 - (2) "Flood" that is altributable to an Earth Movement, such as isunami, but this exception does not apply to loss or damage caused by or resulting from any excluded Earth Movement that results from such "flood".
 - Exclusion g., Water, does not apply to the coverage provided under this endorsement.

The remaining Exclusions and the Limitations that apply to the CONSTRUCTION PAK — BUILDERS' RISK COVERAGE FORM apply to the coverage provided under this endorsement.

 The following additional exclusion applies to the coverage provided under this endorsement:

We will not pay for loss or damage caused by or resulting from any "flood" occurrence that begins before the inception of this insurance.

E. LIMITS OF INSURANCE

 The following Limits of Insurance apply to the job site for which a Flood Limit of Insurance is shown in the Declarations;

a. Flood Occurrence Limit

The applicable Flood Occurrence Limit of Insurance shown in the Declarations applies in any one occurrence, regardless of the number or types of coverages (including "business Income", "rental value", "soft costs" or any other time element coverage). Amounts payable under any Additional Coverage or Coverage Extension do not increase the applicable Flood Occurrence Limit of Insurance. The applicable Occurrence Limit is part of, and does not increase, the Limit of Insurance that otherwise applies under this Coverage Form.

b. Flood Annual Aggregate Limit

The applicable Flood Annual Aggregate Limit shown in the Declarations is the most we will pay for all covered flood occurrences in any one policy year at the job site shown in the Declarations.

Each policy year:

- Begins with the inception date or anniversary date of this policy; and
- (2) Ends at the next anniversary date or the expiration date of this policy.
- The most we will pay for loss or damage caused by flood is the lesser of:
 - The Flood Occurrence Limit of Insurance at the applicable job site shown in the Declarations; or
 - b. The remaining portion of any Flood Annual Aggregate Limit of Insurance at the applicable job site shown in the Declarations.

F. DEDUCTIBLE

The following Deductible provisions apply to the insurance provided by this endorsement.

The Deductible(s) applicable to loss or damage under this endorsement apply separately to each occurrence at each job site shown in the Declarations and apply in addition to any other Deductibles or Walting Periods in this Coverage Part that apply to loss or damage in the same occurrence.

2. Percentage Deductible

When a percentage (%) is shown in the Declarations as the applicable Flood Deducible, we will calculate the dollar amount of the Deducible by multiplying the applicable percentage shown in the Declarations by the to-

Page 2 of 3

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tal value of Covered Property at the job site at the time of loss or damage. We will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds such calculated dollar amount. We will then pay the amount of loss or damage in excess of the Deductible, up to the applicable Limit of Insurance.

In no event will the applicable Deductible be less than any applicable minimum, or more than any applicable maximum, amount shown in the Declarations.

3. Dollar Deductible

When a dollar amount is shown in the Declarations, we will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds the applicable Flood Deductible shown in the Declarations. We will then pay the amount of loss or damage in excess of the Deductible, up to the applicable Limit of insurance.

 The Flood Deductible does not apply to property in temporary storage awaiting delivery to the job eite.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CONSTRUCTION PAK - BUILDERS' RISK AMENDATORY ENDORSEMENT

EARTH MOVEMENT CAUSE OF LOSS

This endorsement modifies insurance provided under the following:

CONSTRUCTION PAK -- BUILDERS' RISK COVERAGE FORM CONSTRUCTION PAK -- BUILDERS' RISK SPECIAL TIME ELEMENT COVERAGE FORM

A. APPLICATION OF THIS ENDORSEMENT

 This endorsement applies at the job site for which an Earth Movement Limit of Insurance is shown in the Declarations.

This endorsement also applies to:

- Temporary storage locations if property at such a location is destined to become a part of the project at the job site to which this endorsement applies;
- b. The Civil Authority Additional Coverage in the CONSTRUCTION PAK – BUILDERS' RISK SPECIAL TIME ELEMENT COV-ERAGE FORM, but only with respect to the job site to which this endorsement applies; and
- c. Any Ingress or Egress Additional Coverage as otherwise provided by the CONSTRUCTION PAK BUILDERS' RISK SPECIAL TIME ELEMENT COVERAGE FORM, but only with respect to the job site to which this endorsement applies.
- This endorsement does not apply to, or modify, any limits or deductibles that apply to:
 - The insurance otherwise provided under this Coverage Form for loss or damage by:
 - Fire or explosion that results from earth movement other than volcanic eruption, explosion or effusion; or
 - (2) Fire, building glass breakage or volcanic action that results from volcanic eruption, explosion or effusion; or
 - b. Any other insurance provided under this Coverage Form for loss or damage to which the Earth Movement exclusion in Section B — EXCLUSIONS, Part 1. Paragraph a. of the CONSTRUCTION PAK — BUILDERS' RISK COVERAGE FORM does not apply.

B, COVERED CAUSES OF LOSS

The following is added to the Covered Causes of Loss and to the "specified causes of loss":

Earth Movement, meaning any of the following, all whether naturally occurring or due to man-made or other artificial causes:

- Earthquake, including tremors and aftershocks, and earth sinking, rising or shifting related to such event;
- 2. Landslide, including any earth sinking, rising or shifting related to such event;
- Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased;
- Earth sinking (other than "sinkhole collapse"), rising, or shifting; or
- 5. Volcanic eruption, explosion or effusion.

All earth movement that occurs within any 168hour period will constitute a single Earth Movement. The expiration of this policy will not reduce the 168-hour period.

C. EXCLUSIONS AND RELATED PROVISIONS

- The Earth Movement exclusion contained in Section B – EXCLUSIONS, Part 1. Paragraph a, of the CONSTRUCTION PAK – BUILD-ERS' RISK COVERAGE FORM does not apply to the coverage provided under this endorsement. The remaining Exclusions that apply to this Coverage Part apply to the coverage provided under this endorsement. For example, loss caused directly or indirectly by a cause of loss excluded under the Water Exclusion, such as flood or tidal wave, is excluded even if the flood or tidal wave is attributable to an Earth Movement.
- The following additional exclusion applies to the coverage provided under this endorsement:

CM T2 27 04 13

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Page 1 of 2

We will not pay for loss or damage caused by or resulting from any earth movement that begins before the inception of this insurance.

D. LIMITS OF INSURANCE

 The following Limits of Insurance apply to the job site for which an Earth Movement Limit of Insurance is shown in the Declarations:

a. Earth Movement Occurrence Limit

The applicable Earth Movement Occurrence Limit of Insurance shown in the Declarations applies in any one occurrence, regardless of the number or types of coverages (including "business income", "rental value", "soft costs" or any other time element coverage). Amounts payable under any Additional Coverage or Coverage Extension do not increase the applicable Earth Movement Occurrence Limit of Insurance. The applicable Occurrence Limit of Insurance in applicable Occurrence Limit is part of, and does not increase, the Limit of Insurance that otherwise applies under this Coverage Form.

b. Earth Movement Annual Aggregate Limit

The applicable Earth Movement Annual Aggregate Limit shown in the Declarations is the most we will pay for all covered earth movement occurrences in any one policy year at the job site shown in the Declarations.

Each policy year:

- (1) Begins with the inception date or anniversary date of this policy, and
- (2) Ends at the next anniversary date or the expiration date of this policy.
- The most we will pay for loss or damage caused by any earth movement is the lesser of:
 - The Earth Movement Occurrence Limit of Insurance at the applicable job site shown in the Declarations; or
 - b. The remaining portion of any Earth Movement Annual Aggregate Limit of in-

surance at the applicable job site shown in the Declarations.

E. DEDUCTIBLE

The following Deductible provisions apply to the insurance provided by this endorsement:

The Deductible(s) applicable to loss or damage under this endorsement apply separately
to each occurrence at each job site shown in
the Declarations and apply in addition to any
other Deductibles or Waiting Periods in this
Coverage Part that apply to loss or damage in
the same occurrence.

2. Percentage Deductible

When a percentage (%) is shown in the Declarations as the applicable Earth Movement Deductible, we will calculate the dollar amount of the Deductible by multiplying the applicable percentage shown in the Declarations by the total value of Covered Property at the job site at the time of loss or damage. We will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds such calculated dollar amount. We will then pay the amount of loss or damage in excess of the Deductible, up to the applicable Limit of Insurance.

In no event will the applicable Deductible be less than any applicable minimum, or more than any applicable maximum, amount shown in the Declarations.

3. Dollar Deductible

When a dollar amount is shown in the Declarations, we will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds the applicable Earth Movement Deductible shown in the Declarations. We will then pay the amount of loss or damage in excess of the Deductible, up to the applicable Limit of Insurance.

 The Earth Movement Deductible does not apply to properly in temporary storage awaiting delivery to the job site.

ISSUE DATE: 03-09-18
TRANSACTION EFFECTIVE DATE: 03-31-18

POLICY NUMBER: QT-660-7E077026-TIL-18

IM PAK COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy, the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section F - DEFINITIONS.

ENDORSEMENT IL T3 55 "EXCLUSION OF CERTAIN COMPUTER-RELATED LOSSES DUE TO DATES OR TIMES", IF ATTACHED TO THIS POLICY, DOES NOT APPLY TO THIS IM PAK COVERAGE PART.

A. COVERAGE

We will pay for direct physical loss of or damage to Covered Properly from any of the Covered Causes of Loss.

1. Covered Property

Covered Property, as used in this Coverage Part, means "Contractors Equipment".

2. Covered Causes of Loss

Covered Causes of Loss means RISKS OF DIRECT PHYSICAL LOSS OR DAMAGE except those causes of loss listed in the Exclusions or for which 'No Coverage' is shown as the applicable Limit of Insurance in the Declarations.

3. Coverage Extensions

We will pay for loss or damage from a Covered Cause of Loss for each of the following Coverage Extensions:

a. Newly Acquired "Contractors Equipment"

If during the policy period you acquire items of the type already covered by this policy as Listed and Unlisted Items, we will cover the items for up to 90 days. You will report the Items within 90 days from the date acquired and will pay any additional premium due. If you do not report the new items, we will not pay for loss of or damage to the new Items.

The most we will pay under this Coverage Extension is the Limit of insurance shown in the Declarations for Newly Acquired "Contractors Equipment". Any payment made under this extension is included within and will not increase the "Contractors Equipment" "Maximum Amount of Payment" shown in the Declarations.

b. Fire Protective Systems

If your fire protective equipment discharges accidentally or to control a Covered Cause of Loss, we will pay for your expense to:

(1) Recharge or relill your fire protective systems; and

CM T1 43 08 96 IZ 004 06 0462 0654

PAGE 1 of 11

ISSUE DATE: 03-09-18 TRANSACTION EFFECTIVE DATE: 03-31-18

POLICY NUMBER:QT-660-7E077026-TIL-18

(2) Replace or repair faulty valves or controls which caused the discharge.

The most we will pay in any one loss or damage under this extension is \$75,000.

c. Valuable Papers and Records

We will pay your costs to research, replace, or restore lost or damaged valuable papers and records, including those which are on computer software, for which there are no duplicates. The most we will pay for loss of or damage to this property is \$50,000.

 But we will not pay for loss of or damage to accounts, bills, deeds, evidences of debt, currency, money, notes or securities.

d. "Replacement Items"

- (1) Rental Costs; We will pay your necessary costs to rent "replacement items". Coverage will start 24 hours after you report the loss or damage to us, and will end when one of the following first occurs:
 - (a) Your "Contractors Equipment" to which the loss or damage occurred is repaired or replaced;
 - (b) The "replacement item" is no longer needed.

The most we will pay for your Rental Costs is the applicable Limit of Insurance shown in the Declarations.

(2) Loss Of or Damage To "Replacement Items": We will pay for loss of or damage to "replacement items" caused by or resulting from a Covered Cause of Loss. Coverage will start when you assume liability for "replacement items", and will end when your Rental Costs coverage for your "Contractors Equipment" to which the loss or damage occurred ends. We will also pay for loss or damage while "replacement items" are in transit to or from the owner if you are liable for the Item at the time of loss or damage.

The most we will pay in any one loss of or damage to "replacement items" is the applicable Limit of Insurance shown in the Declarations.

4. Additional Coverages

a. Debris Removal

- (1) We will pay for your expense to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of the loss or damage.
- (2) The most we will pay under this Additional Coverage is 25% of the amount we pay for direct loss of or damage to Covered Property plus the deductible in this Coverage Part applicable to that loss or damage. Any payment is included within and will not increase the applicable Limit of Insurance. But, if the debris removal expense exceeds the amount calculated above, or if the sum of our payments for direct loss or damage and debris removal exceeds the applicable Limit of Insurance shown elsewhere in this Coverage Part, we will pay up to \$75,000 in any one occurrence as an additional amount of insurance.
- (3) We will not pay for your expense to extract "pollutants" from land or water, or to remove, restore, or replace polluted land or water under this Additional Coverage.

CM T1 43 08 96 IZ 004 06 0462 0654

PAGE 2 of 11

COMMERCIAL INLAND MARINE ISSUE DATE: 03-09-18 TRANSACTION EFFECTIVE DATE: 03-31+18

POLICY NUMBER: QT-660-7E077026-TIL-18

b. Fire Department Service Charge

We will pay your legal liability for Fire Department Service Charges when the fire department is called to save or protect Covered Property from a Covered Cause of Loss.

The most we will pay under this Additional Coverage is \$25,000 in any one occurrence.

No deductible applies to this Additional Coverage.

c. Pollutant Clean Up and Removal

- (1) We will pay your expense to extract "pollutants" from land or water if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from a Covered Cause of Loss to Covered Property that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of the loss or damage:
- (2) This Additional Coverage does not apply to costs to test for, monitor or assess the existence, concentration or effects of "pollutants". But we will pay for testing which is performed in the course of extracting the "pollutants" from the land or water.
- (3) The most we will pay under this Additional Coverage is \$25,000 for the sum of all such expenses arising out of Covered Cause of Loss to Covered Property occurring during each separate 12 month period of this policy.

d. Inventory, Appraisals, and Loss Adjustment Expenses

We will pay the reasonable expenses you incur at our request to assist us in determination of the amount of the covered loss or damage, including the extra wages necessarily incurred by your employees for preparing inventories and other loss or damage information for completion of your proof of loss or damage.

But we will not pay for:

- (1) Expenses to prove that the loss or damage is covered:
- (2) Expenses incurred under the Appraisal section of the Commercial Inland Marine Conditions;
- (3) Expenses incurred for examinations under oath, even if required by us;
- (4) Expenses incurred for public adjusters or any legal fees.

The most we will pay for loss or damage under this Additional Coverage is \$5,000.

e. "Contractors Equipment" Expediting Expenses

We will pay your actual and reasonable costs resulting from a Covered Cause of Loss to "Contractors Equipment" to expedite repair or replacement of that Covered Property including, but not limited to, overtime, night work, work on public holidays, rapid transportation of people and/or materials, and extra costs of temporary repair.

This Additional Coverage will apply from the date of such loss or damage and for such time reasonably necessary to repair, replace, or rebuild the "Contractors Equipment".

CM T1 43 08 96 IZ 004 06 0462 0654

PAGE 3 of 1

POLICY NUMBER: QT-660-7E077026-TIL-18

ISSUE DATE: 03-09-18
TRANSACTION EFFECTIVE DATE: 03-31-18

The most we will pay under this Additional Coverage is \$2,500 in any one occurrence involving one or more items of "Contractors Equipment".

f. "Expendable Supplies"

We will pay for loss or damage by a Covered Cause of Loss to "expendable supplies" for your "Contractors Equipment".

The most we will pay in any policy period for loss or damage under this Additional Coverage is \$1,000.

g. Reward Coverage

We will reimburse you for reward(s) expense you have incurred leading to:

- (1) The successful return of undamaged stolen articles to a law enforcement agency; or
- (2) The arrest and conviction of any person(s) who have damaged or stolen any Covered Property.

We will pay 25% of the covered loss, prior to the application of any Deductible and recovery, up to a maximum of \$2,500 in any one occurrence for the reward payments you make. These reward payments must be documented. The amount payable is in addition to the Limits of insurance shown in the Deciarations.

No Deductible applies to this Additional Coverage.

B. EXCLUSIONS

 We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss or damage.

a. Governmental Action

Seizure or destruction of property by order of governmental authority.

But we will pay for loss or damage caused by or resulting from acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread if the fire would be covered under this Coverage Form.

b. Nuclear Hazard

- (1) Any weapon employing atomic fission or fusion; or
- (2) Nuclear reaction or radiation, or radioactive contamination from any other cause. But if nuclear reaction or radiation, or radioactive contamination results in fire, we will pay for the direct loss or damage caused by that fire if the fire would be covered under this Coverage Form.

c. War and Military Action

- (1) War, including undeclared or civil war,
- (2) Warlike action by a milllary force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or

CM T1 43 08 96

IZ 004 06 0462 0654

PAGE 4 of 11

ISSUE DATE: 03-09-18
TRANSACTION EFFECTIVE DATE: 03-31-18

POLICY NUMBER:QT-660-7E077026-TIL-18

(3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

- 2. We will not pay for loss or damage caused by or resulting from any of the following:
 - a. Delay, loss of use or loss of market.
 - b. Dishonest or criminal acts by you, any of your partners, directors, trustees or officers:
 - (1) Acting alone or in collusion with others; or
 - (2) Whether or not occurring during the hours of employment.
 - c. Discharge, dispersal, seepage, migration, release or escape of "pollutants" unless the discharge, dispersal, seepage, migration, release or escape is itself caused by any of the "specified causes of loss". But if loss or damage by any of the "specified causes of loss" results, we will pay for that resulting loss or damage caused by the "specified causes of loss".
 - d. Programming errors, including but not limited to:
 - The inability of Covered Property to correctly recognize, process, distinguish, interpret or accept dates, times or other data; or
 - (2) Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by you or for you to determine, rectify or test for, any potential or actual problems due to the inability of Covered Property to correctly recognize, process, distinguish, interpret or accept dates times or other data.

But if loss or damage by "specified causes of loss" results, we will pay for that resulting loss or damage.

We will not pay for repair, replacement or modification of Covered Property to correct any deficiencies or change any features.

- We will not pay for loss or damage caused by or resulting from any of the following. But if loss or damage by a Covered Cause of Loss results, we will pay for that resulting loss or damage.
 - Hidden or latent defect, mechanical breakdown or fallure (including rupture or bursting caused by centrifugal force), or any quality in the property that causes it to damage or destroy itself.
 - b. Corrosion, rust or dampness.
 - c. Electrical breakdown or failure,
 - d. Freezing or overheating.
 - e. Wear and tear, gradual deterioration.
 - f. Repair process or work on Covered Property.

CM T1 43 08 96 IZ 004 06 0462 0654 PAGE 5 of 11

ISSUE DATE: 03-09-18 TRANSACTION EFFECTIVE DATE: 03-31-18

POLICY NUMBER: QT-660-7E077026-TIL-18

C. LIMITS OF INSURANCE

The most we will pay for loss or damage in any one occurrence is the applicable Limit of Insurance shown in the Declarations. But in the event coverage for loss or damage is provided under the Coverage Extensions or Additional Coverages, the Limits of Insurance stated within the specific Coverage Extension or Additional Coverage will apply as additional amounts of Insurance, unless otherwise stated within the Coverage Extension or Additional Coverage.

If a title for a Limit of insurance appears in quotations in the Declarations, that limit has a special meaning and may act to reduce or eliminate coverage under some circumstances. Refer to Section F - Definitions.

D. DEDUCTIBLE

We will not pay for loss or damage in any one occurrence until the amount of the adjusted loss or damage exceeds the applicable Deductible shown in the Deductions. We will then pay the amount of the adjusted loss or damage in excess of the Deductible, up to the applicable Limit of Insurance.

If a title for a Deductible appears in quotations in the Declarations, that Deductible has a special meaning and may act to reduce or eliminate coverage under some circumstances. Refer to Section F - Definitions.

The applicable Deductible shown in the Declarations applies to the Coverage Extensions and Additional Coverages unless otherwise stated in the Coverage Extension or Additional Coverage.

E. ADDITIONAL COVERAGE CONDITIONS

The following conditions apply in addition to the Commercial Inland Marine Conditions and the Common Policy Conditions.

1. Where Coverage Applies

We cover property that is in:

- a. The United States of America;
- b. Puerto Rico; or
- c. Canada.

But we do not cover property in transit to or from Hawali or Puerto Rico.

2. Coinsurance

a. Listed Items

The Limit of Insurance for each item shown in the Declarations must equal at least 80% of its actual cash value at the time of loss or damage or you will incur a penalty.

The penalty is that we will pay only the proportion of any loss of or damage to each item that the Limit of Insurance for the item bears to 80% of its actual cash value at the time of loss or damage.

b. Unlisted Items

The Unlisted Item Limit of Insurance shown in the Declarations must equal at least 80% of the actual cash value of all Unlisted Items at the time of loss or damage or you will incur a penalty.

CM T1 43 08 96

IZ 004 06 0462 0654

PAGE 6 of 11

COMMERCIAL INLAND MARINE ISSUE DATE: 03-09-18

POLICY NUMBER: QT-660-7E077026-TIL-18

TRANSACTION EFFECTIVE DATE: 03-31-18

The penalty is that we will pay only the proportion of any loss or damage that the Limit of Insurance for Unlisted Items bears to 80% of the actual cash value of all Unlisted Items at the time of loss or damage.

The coinsurance penalty does not apply to items leased, rented or borrowed from others unless they are shown as Listed Items.

3. Valuation

In the event of loss or damage, the value of "Contractors Equipment" at the time of loss or damage will be determined as shown below:

a. Listed And Unlisted Items

The value of Listed And Unlisted Items will be the least of the following:

- (1) The actual cash value of that property;
 - But in the event of partial loss or damage, not exceeding 20% of the Limit of insurance applicable to the Covered Property, no depreciation will be applied in the settlement of the claim;
- .(2) The cost of reasonably restoring that properly to its condition immediately before loss or damage;
- (3) The cost of replacing that property with substantially identical property.
- b. Leased Or Rented Items

The value of Leased or Rented Items will be the amount of your legal liability, not to exceed the replacement cost

F. DEFINITIONS

"Basic Deductible" means the Deductible applicable in any one occurrence of loss or damage unless a
more specific Deductible for the applicable loss or damage is shown in the Declarations or elsewhere in the
policy.

When a percentage (%) is shown in any Deductible Schedule, we will calculate the applicable dollar amount of the deductible by multiplying the applicable percentage shown in that Deductible Schedule by the applicable deductible basis shown in that Deductible Schedule.

In no event will the applicable deductible be less than any applicable minimum, or more than any applicable maximum, amount shown in the Declarations or Deductible Schedule.

- "Contractors Equipment" means mobile machinery and equipment normally used in the construction industry consisting of:
 - a. Listed Items Items listed in the Declarations;
 - b. Unlisted items Items you own or you have borrowed from others that are not specifically listed by Item in the Declarations. The Limit of insurance for this property is shown in the Declarations, but we will not pay more than the amount shown for any one item;
 - Leased or Rented Items Items, not listed in the Declarations, that you have leased or rented from others.

CM T1 43 08 96

PAGE 7 of 11

IZ 004 06 0462 0654

COMMERCIAL INLAND MARINE ISSUE DATE: 03-09-18

POLICY NUMBER: QT-660-7E077026-TIL-18

TRANSACTION EFFECTIVE DATE: 03-31-18

"Contractors Equipment" does not include:

- a. Contraband, or property in the course of Illegal transit or trade;
- b. Vehicles designed and principally used to transport property or persons over public roads;
- c. Aircraft or watercraft;
- d. Items leased, rented or loaned to others; unless they have agreed in writing to be liable for the items, or the Item is to be operated by you or your employee when in use.
- "Earth movement" means any movement of the earth (other than "sinkhole collapse"), including but not limited to:
 - a. Earthquake;
 - b. Landslide;
 - c. Earth sinking, rising or shifting; or
 - d. Volcanic eruplion, explosion or effusion;
 - all whether naturally occurring or due to man-made or other artificial causes.
- "Earth Movement Annual Aggregate Limit of Insurance" means the most we will pay for all covered "earth movement" occurrences in any one policy-year.

Each policy year:

- a. Begins with the inception date or anniversary date of this policy, and
- b. Ends at the next anniversary date or the expiration date of this policy.
- "Earth Movement Deductible" means the Deductible applicable in any one occurrence of loss or damage from "earth movement".
 - a. When a percentage (%) is shown in the Declarations, we will calculate the dollar amount of the deductible by multiplying the applicable percentage shown in the Declarations by the value, at the time of loss or damage, of the property that has sustained loss or damage.
 - b. When a percentage (%) is shown in any Deductible Schedule, we will calculate the applicable dollar amount of the deductible by multiplying the applicable percentage shown in that Deductible Schedule by the applicable deductible basis shown in that Deductible Schedule.

In no event will the applicable deductible be less than any applicable minimum, or more than any applicable maximum, amount shown in the Declarations or Deductible Schedule.

"Earth Movement Limit of Insurance" means the most we will pay for loss or damage in any one
occurrence caused directly or indirectly by "earth movement", regardless of any other cause or event that
contributes concurrently or in any sequence to the loss or damage.

CM T1 43 08 96 IZ 004 06 0462 0654 PAGE. B of 11

COMMERCIAL INLAND MARINE ISSUE DATÉ: 03-09-18 TRANSACTION EFFECTIVE DATE: 03-31-18

POLICY NUMBER: QT-660-7E077026-TIL-18

But if loss or damage by fire, explosion or "volcanic action" results from "earth movement", the "Earth Movement Limit of insurance" will not apply to the resulting loss or damage. Instead, we will pay up to the applicable Limit of insurance shown in the Declarations that would otherwise apply to loss or damage by fire, explosion or "volcanic action". We will also pay up to such applicable Limit of insurance for loss or damage by building glass breakage resulting from volcanic eruption, explosion or effusion.

All "earth movement" that occurs within any 168 - hour period will constitute a single occurrence. The expiration of this policy will not reduce the 168 - hour period.

Any payment under the "Earth Movement Limit of Insurance" is included within and will not increase the applicable Limit of insurance shown elsewhere in this policy.

- "Expendable supplies" means consumable and periodic maintenance items, held exclusively for the servicing of "Contractors Equipment", including, but not limited to, oil, grease, fuel, filters, and spark plugs.
- 8. "Flood" means:
 - Surface water, waves, tides, tidal waves, tsunami, overflow of any body of water, or their spray, all whether driven by wind or not;
 - b. Mudslide or mudflow;
 - c. Water that backs up from a sewer or drain; or
 - d. Water under the ground surface pressing on, or flowing or seeping through:
 - (1) Foundations, walls, floors or paved surfaces:
 - (2) Basements, whether paved or not; or ..
 - (3) Doors, windows or other openings;

all whether naturally occurring or due to man-made or other artificial causes.

 "Flood Annual Aggregate Limit of insurance" means the most we will pay for all covered "flood" occurrences in any one policy year.

Each policy year:

- a. Begins with the inception date or anniversary date of this policy, and
- b. Ends at the next anniversary date or the expiration date of this policy.
- 10. "Flood Deductible" means the Deductible applicable in any one occurrence of loss or damage from "flood".
 - a. When a percentage (%) is shown in the Declarations, we will calculate the dollar amount of the deductible by multiplying the applicable percentage shown in the Declarations by the value, at the time of loss or damage, of the property that has sustained loss or damage.
 - b. When a percentage (%) Is shown in any Deductible Schedule, we will calculate the applicable dollar amount of the deductible by multiplying the applicable percentage shown in that Deductible Schedule by the applicable deductible basis shown in that Deductible Schedule.

CM T1 43 08 96 JZ 004 06 0462 0654

PAGE 9 of 11

POLICY NUMBER:QT-660-7E077026-TIL-18

ISSUE DATE: 03-09-18 TRANSACTION EFFECTIVE DATE: 03-31-18

In no event will the applicable deductible be less than any applicable minimum, or more than any applicable maximum, amount shown in the Declarations or Deductible Schedule.

11. "Flood Limit of Insurance" means the most we will pay for loss or damage in any one occurrence caused directly or indirectly by "flood", regardless of any other cause or event that contributes concurrently or in any sequence to the loss or damage.

But if loss or damage by fire, explosion, or leakage or discharge from an automatic sprinkler system results from "flood", the "Flood Limit of Insurance" will not apply to the resulting loss or damage. Instead, we will pay up to the applicable Limit of Insurance shown in the Declarations that would otherwise apply to loss or damage by fire, explosion, or leakage or discharge from an automatic sprinkler system.

Any payment under the "Flood Limit of Insurance" is included within and will not increase the applicable Limit of insurance shown elsewhere in this policy.

- 12, "Maximum Amount of Payment" means the most we will pay in any one occurrence of loss or damage.
- 13. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals or waste. Waste includes materials to be recycled, reconditioned or reclaimed.
- 14. "Replacement items" means equipment similar to the "Contractors Equipment" used in your business operations that you must rent due to loss or damage caused by or resulting from a Covered Cause of Loss to your "Contractors Equipment". "Replacement Items" are only those items which are:
 - a. Necessary to continue your normal business operations; and
 - b. Needed because you do not have idle "Contractors Equipment" which can do the same work.
- 15. "Sinkhole collapse" means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. "Sinkhole collapse" does not mean the cost of filling sinkholes or the sinking or collapse of land into man-made underground cavities.
- 16. "Specified causes of loss" means fire; lightning; explosion; "windstorm"; smoke; alreraft or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; "sinkhole collapse"; "volcanic action"; falling objects; weight of snow, ice or sleet; "water damage".
 - a. Falling objects does not include loss or damage to:
 - (1) Personal property in the open; or
 - (2) The interior of a building or structure or personal property inside a building or structure, unless the roof or an outside walt of the building or structure is first damaged by a falling object.
 - b. "Water damage" means accidental discharge or leakage of water or steam as the direct result of the breaking or cracking of any part of a system or appliance containing water or steam.
- 17. "Volcanic action" means direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:
 - a. Airborne volcanic blast or airborne shock waves;
 - b. Ash, dust or particulate matter; or . .

CM T1 43 08 96 IZ 004 06 0462 0654 PAGE 10 of 11

COMMERCIAL INLAND MARINE ISSUE DATE: 03-09-18

POLICY NUMBER: 01-660-7E077026-TIL-18

TRANSACTION EFFECTIVE DATE: 03-31-18

Lava flow.

"Volcanic action" does not mean the cost to remove ash, dust or particles that do not cause direct physical loss or damage.

All volcanic eruptions that occur within any 168 - hour period will constitute a single occurrence.

- 18, "Windstorm" means wind or hall.
- 19. "Windstorm Deductible" rijeans the Deductible applicable in any one occurrence of loss or damage caused directly or indirectly by "windstorm".

If loss or damage by rain, snow, sand or dust occurs and that loss or damage would not have occurred but for the "Windstorm", such loss or damage will be considered to be caused by a "windstorm" occurrence.

- a. When a percentage (%) is shown in the Declarations, we will calculate the dollar amount of the deductible by multiplying the applicable percentage shown in the Declarations by the value, at the time of loss or damage, of the property that has sustained loss or damage.
- b. When a percentage (%) is shown in any Deductible Schedule, we will calculate the applicable dollar amount of the deductible by multiplying the applicable percentage shown in that Deductible Schedule by the applicable deductible basis shown in that Deductible Schedule.

In no event will the applicable deductible be less than any applicable minimum, or more than any applicable maximum, amount snown in the Declarations or Deductible Schedule.

The "Windstorm Deductible" does not apply to properly in transit.

CM T1 43 08 96 IZ 004 06 0462 0654 PAGE 11 of 11

COMMERCIAL INLAND MARINE GENERAL PURPOSE ENDORSEMENT

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY. LOSS Payable Provisions

This endorsement modifies insurance provided under the following: CONSTRUCTION PAK BUILDERS/ RISK

Amending Form CM T8 94, Name of Loss Payee continued:

Prem. No.	Bldg. No.	Name
1	1	AMEGY BANK NATIONAL ASSOCIATION, ITS SUCCESSORS AND/OR ASSIGNS (ISSA OR ISAOA) LOCATED AT 1801 MAIN ST, 7TH FLOOR, HOUSTON, TX 77002
3	3	NATIONWIDE MUTUAL INSURANCE COMPANY ISAOA, LOCATED AT ONE PLAZA DRIVE MAILCODE: 1-05-703 ATTN: REAL ESTATE DEAPARTMENT GARY CRAWFORD BIRMINGHAM, AL 325233

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POLICY NUMBER: QT-660-7E077026-TIL-18

COMMERCIAL INLAND MARINE ISSUE DATE: 03-09-18

THIS ENDORSEMENT CHANGES THE POLICY, PLEASE READ IT CAREFULLY.

MORTGAGE HOLDER CONDITIONS

This endorsement modifies insurance provided under the following:

CONSTRUCTION PAK BUILDERS' RISK COVERAGE FORM CONSTRUCTION PAK -- BUILDERS' RISK COVERAGE FORM BUILDERS' RISK COVERAGE - SPECIAL FORM PIPELINE AND STORAGE FACILITY COVERAGE FORM

A. SCHEDULE

•	Premise Loc. No.	Bldg. No.		Description of Property	
	1	1	CONSTRUCTION OF	THREE, 4-STOP	

RY FRAME RESIDENTIAL BUILDINGS FOR 260 APARTMENT UNITS.

Mortgage Holder (Name and address) Order of Precedence

ZB, N.A dba Amegy Bank ISAOA

1801 Main Street, 7TH Floor

HOUSTON

TX 77002

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

B. BUILDERS' RISK COVERAGE

The following is added to the ADDITIONAL CONDITIONS section of the applicable BUILD-ERS' RISK FORM '

Mortgage Holder

- 1. The term mortgage holder includes trustee.
- 2. We will pay for covered loss of or damage to buildings or structures to each mortgage holder shown in the Schedule in their order of precedence, as interests may appear.
- 3. The mortgage holder has the right to receive loss payment even if the mortgage holder has started foreclosure or similar action on the building or structure.
- 4. If we deny your claim because of your acts or because you have failed to comply with the terms of the Coverage Form, the mortgage holder will still have the right to receive loss payment if the mortgage holder:
 - a. Pays any premium due under the Coverage form at our request if you have failed to do so:

- b. Submits a signed, sworn statement of loss within 60 days after receiving notice from us of your fallure to do so; and
- c. Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgage holder.

All of the terms of the Coverage Form then apply directly to the mortgage holder.

- 5. If we pay the mortgage holder for any loss or damage and deny payment to you because of your acts or because you have falled to comply with the terms of the Coverage Form:
 - a. The mortgage holder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and
 - b. The mortgage holder's right to recover the full amount of the mortgage holder's claim will not be impaired.

At our option, we may pay to the mortgage holder the whole principal on the mortgage plus any accrued interest, in this event, your mortgage and note will be transferred to us

CM T3 03 09 13

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- and you will pay your remaining mortgage debt to us.
- 6. If we cancel this polloy, we will give written notice to the mortgage holder at least:
 - 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or
 - 30 days before the effective date of cancellation if we cancel for any other reason.
- 7. If we elect not to renew this policy, we will give written notice to the mortgage holder at

- least 10 days before the expiration date of this policy.
- C. PIPELINE AND STORAGE FACILITY COVER-AGE FORM PROVISIONS

The following replaces Paragraph (2) of Section E.2.d Mortgage Holders.

(2) We will pay for covered loss of or damage to Covered Property to each mortgage holder shown in the Schedule in their order of precedence, as interests may appear.

THIS ENDORSEMENT CHANGES THE POLICY, PLEASE READ IT CAREFULLY.

FEDERAL TERRORISM RISK INSURANCE ACT DISCLOSURE

This endorsement modifies insurance provided under the following: COMMERCIAL INLAND MARINE COVERAGE PART

The federal Terrorism Risk Insurance Act of 2002 as amended ("TRIA") establishes a program under which the Federal Government may partially reimburse "insured Losses" (as defined in TRIA) caused by "Acts Of Terrorism" (as defined in TRIA). "Act Of Terrorism" is defined in Section 102(1) of TRIA to mean any act that is certified by the Secretary of the Treasury - in consultation with the Secretary of Homeland Security and the Attorney General of the United States - to be an act of terrorism; to be a violent act or an act that is dangerous to human life, properly, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States Mission; and to have been committed by an individual or individuals as part of an effort to coerce the civillanpopulation of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

The Federal Government's share of compensation for such insured Losses is established by TRIA and is a percentage of the amount of such insured Losses in excess of each insurer's "insurer Deductible" (as defined in TRIA), subject to the "Program Trigger" (as defined in TRIA). Through 2020, that percentage is established by TRIA as follows:

85% with respect to such insured Losses occurring in calendar year 2015.

84% with respect to such Insured Losses occurring in calendar year 2016.

83% with respect to such insured Losses occurring in calendar year 2017.

82% with respect to such insured Losses occurring in calendar year 2018.

81% with respect to such insured Losses occurring in calendar year 2019.

80% with respect to such Insured Losses occurring in calendar year 2020.

In no event, however, will the Federal Government be required to pay any portion of the amount of such insured Losses occurring in a calendar year that in the aggregate exceeds \$100 billion, nor will any insurer be required to pay any portion of such amount provided that such insurer has met its insurer Deductible. Therefore, if such insured Losses occurring in a calendar year exceed \$100 billion in the aggregate, the amount of any payments by the Federal Government and any coverage provided by this policy for losses I caused by Acts Of Terrorism may be reduced.

The charge for such Insured Losses under this Coverage Part is included in the Coverage Part premium. The charge for such insured Losses that has been included for this Coverage Part is Indicated below, and does not include any charge for the portion of such Insured Losses covered by the Federal Government under TRIA:

1% of your total Commercial Inland Marine Coverage Part premium.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

FEDERAL TERRORISM RISK INSURANCE ACT DISCLOSURE

This endorsement modifies Insurance provided under the following: COMMERCIAL INLAND MARINE COVERAGE PART

The federal Terrorism Risk Insurance Act of 2002 as amended ("TRIA") establishes a program under which the Federal Government may partially reimburse "in-sured Losses" (as defined in TRIA) caused by "Acts Of Terrorism" (as defined in TRIA). "Act Of Terrorism" is defined in Section 102(1) of TRIA to mean any act that is certified by the Secretary of the Treasury - in consultation with the Secretary of Homeland Security and the Atlorney General of the United States - to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of cortain air carriers or vessels or the premises of a United States Mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to Influence the policy or affect the conduct of the United Stales Government by coercion.

The Federal Government's share of compensation for such Insured Losses is established by TRIA and is a percentage of the amount of such Insured Losses in excess of each Insurer's "Insurer Deductible" (as delined in TRIA), subject to the "Program Trigger" (as defined in TRIA). Through 2020, that percentage is established by TRIA as follows:

85% with respect to such insured Losses occurring in calendar year 2015.

84% with respect to such insured Losses occurring in calendar year 2016.

83% with respect to such insured Losses occurring in calendar year 2017.

82% with respect to such Insured Losses occurring in calendar year 2018.

81% with respect to such Insured Losses occurring in calendar year 2019.

80% with respect to such insured Losses occurring in calendar year 2020.

In no event, however, will the Federal Government be required to pay any portion of the amount of such insured Losses occurring in a calendar year that in the aggregate exceeds \$100 billion, nor will any insurer be required to pay any portion of such amount provided that such insurer has met its insurer Deductible. Therefore, if such insured Losses occurring in a calendar year exceed \$100 billion in the aggregate, the amount of any payments by the Federal Government and any coverage provided by this policy for losses i caused by Acts Of Terrorism may be reduced.

The charge for such insured Losses under this Coverage Part is included in the Coverage Part premium. The charge for such insured Losses that has been included for this Coverage Part is indicated below, and does not include any charge for the portion of such insured Losses covered by the Federal Government under TRIA:

1% of your total Commercial Inland Marine Coverage Part premium.

COMMERCIAL INLAND MARINE ISSUE DATE: 03-0,9-18

POLICY NUMBER: QT-660-7E077026-TIL-18

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

ADDITIONAL INSURED

This endorsement modifies insurance provided under the following: CONSTRUCTION PAK BUILDERS' RISK COVERAGE

The person or organization indicated below is added as an additional insured, as their interests may appear, for the described property only:

SCHEDULE

Description of Property

Additional Insured (Name and Address)

CONSTRUCTION OF THREE, 4-STORY FRAME RESIDENTIAL BUILDINGS FOR 260 APARTMENT UNITS.

3201 4th Avenue Partners, LLC ATIMA

PO Box 131346

Birmingham (

AL 35213

COMMERCIAL INLAND MARINE ISSUE DATE: 03-09-18

POLICY NUMBER: QT-660-7E077026-TIL-18

THIS ENDORSEMENT CHANGES THE POLICY, PLEASE READ IT CAREFULLY.

LENDER'S LOSS PAYABLE PROVISIONS

This endorsement modifies insurance provided under the following: CONSTRUCTION PAK - BUILDERS' RISK COVERAGE FORM

SCHEDULE

Description Of Property:

CONSTRUCTION OF THREE 4-STORY RESIDENTIAL BUILDINGS LOCATED AT NEC OF

7TH AVE SO. & 28TH ST SO., BIRMINGHAM, AL 325233

Loss Payee Name:

NATIONWIDE MUTUAL INSURANCE COMPANY

ISAOA

Loss Payee'Address:

ONE NATIONWIDE PLZ MAIL CODE:

SEE CM T8 00

City:

COLUMBUS

State:

OH

Zip Code:

42315

Lender's Loss Payable Clause

- A. The Loss Payee shown in the Schedule above is a creditor, including a mortgageholder of trustee, whose interest in Covered Property is established by such written instruments as:
 - 1. Warehouse receipts;
 - 2. A contract for deed;
 - 3. Bills of lading;
 - 4. Financing statements; or
 - Mortgages, deeds of trust, or security agreements.
- B. For Covered Property in which both you and a Loss Payee have an insurable interest:
 - We will pay for covered loss or damage to each Loss Payee in their order of precedence, as interests may appear.
- 2. The Loss Payee has the right to receive loss payment even if the Loss Payee has started foreclosure or similar action on the Covered Property.
 - If we deny your claim because of your acts or because you have failed to comply with the terms of the Coverage Part, the Loss Payee will still have the right to receive loss payment if the Loss Payee;
 - (a) Pays any premium due under this Coverage Part at our request if you have failed to do so;
 - (b) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and

- (c) Has notified us of any change in ownership, occupancy or substantial change in risk known to the Loss Payee.
- All of the terms of this Coverage Part will than apply directly to the Loss Payee. . . .
- If we pay the Loss Payee for any loss or damage and deny payment to you because of your acts or because you have falled to comply with the terms of this Coverage Part:
 - (a) The Loss Payee's rights will be transferred to us to the extent of the amount we pay; and
 - (b) The Loss Payee's rights to recover the full amount of the Loss Payee's claim will not be impaired.

At our option, we may pay to the Loss Payee the whole principal on the debt plus any accrued interest. In this event, you will pay your remaining debt to us.

- C. If we cancel this policy, we will give written notice to the Loss Payee at least:
 - 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or
 - 30 days before the effective date of cancellation if we cancel for any other reason.
- D. If we elect not to renew this policy, we will give written notice to the Loss Payee at least 10 days before the expiration date of this policy.

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Page 1 of 1

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CONSTRUCTION PAK - BUILDERS' RISK AMENDATORY ENDORSEMENT

WINDSTORM OR HAIL DEDUCTIBLE

This endorsement modifies insurance provided under the following:

CONSTRUCTION PAK - BUILDERS' RISK COVERAGE FORM

The Windstorm or Hail Deductible shown in the applicable CONSTRUCTION PAK – BUILDERS' RISK DEDUCTIBLES AND LIMITS OF INSURANCE SCHEDULE and set forth in this endorsement applies to direct physical loss or damage caused directly or indirectly by windstorm or hail. The deductible applies separately to each project in any one occurrence of windstorm or hail.

Nothing in this endorsement implies or affords coverage for any loss or damage that is excluded under the terms of the Water Exclusion in Section B — EXCLUSIONS, Part 1. or any other exclusion in this policy. If this policy is endorsed to cover Flood under the Flood Cause of Loss endorsement, a separate Flood Deductible applies to loss or damage attributable to Flood, in accordance with the terms of that endorsement.

A. Percentage Deductible

When a percentage (%) is shown as the applicable Deductible in the CONSTRUCTION PAK — BUILDERS RISK DEDUCTIBLES AND LIMITS OF INSURANCE SCHEDULE, the following applies:

 We will calculate the dollar amount of the deductible by multiplying the applicable percentage shown by the total value of Covered Property at the job site at the time of loss or damage. We will not pay for loss or damage In any one occurrence until the amount of the loss or damage exceeds such calculated dollar amount. We will then pay the amount of loss or damage in excess of the Deductible, up to the applicable Limit of Insurance.

 In no event will the applicable deductible be less than any applicable minimum, or more than any applicable maximum, amount shown in the CONSTRUCTION PAK - BUILDERS' RISK DEDUCTIBLES AND LIMITS OF IN-SURANCE SCHEDULE,

B. Dollar Deductible

When a dollar deductible is shown as the applicable Deductible in the CONSTRUCTION PAIK — BUILDERS' RISK DEDUCTIBLES AND LIMITS OF INSURANCE SCHEDULE, we will not pay for loss or damage in any one occurrence until the amount of the adjusted loss or damage exceeds the applicable Deductible shown in such schedule. We will then pay the amount of the adjusted loss or damage in excess of the Deductible, up to the applicable Limit of Insurance.

- The Windstorm or Hall deductible does not apply to property:
 - 1. In transit; or
 - In temporary storage awaiting delivery to the job site.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CONSTRUCTION PAK - BUILDERS' RISK AMENDATORY ENDORSEMENT

RELEASE OF WATER, STEAM OR FLUID DEDUCTIBLE

This endorsement modifies insurance provided under the following:

CONSTRUCTION PAK – BUILDERS' RISK COVERAGE FORM

The Release of Water, Steam or Fluid Deductible shown in the applicable CONSTRUCTION PAK — BUILDERS' RISK DEDUCTIBLES AND LIMITS OF INSURANCE SCHEDULE and set forth in this endorsement applies to direct physical loss or damage caused by or resulting from "release of water, steam or fluid". The deductible applies separately to each project in any one occurrence of "release of water, steam or fluid".

A. Percentage Deductible

When a percentage (%) is shown as the applicable Deductible in the CONSTRUCTION PAK — BUILDERS' RISK DEDUCTIBLES AND LIMITS OF INSURANCE SCHEDULE, the following applies:

- We will calculate the dollar amount of the deductible by multiplying the applicable percentage shown by the total value of Covered Property at the job site at the time of loss or damage. We will not pay for loss or damage in any one occurrence until the amount of the loss or damage exceeds such calculated dollar amount. We will then pay the amount of loss or damage in excess of the Deductible, up to the applicable Limit of Insurance.
- In no event will the applicable deductible be less than any applicable minimum, or more than any applicable maximum, amount shown

In the CONSTRUCTION PAK - BUILDERS' RISK DEDUCTIBLES AND LIMITS OF INSURANCE SCHEDULE.

B. Dollar Deductible

When a dollar deductible is shown as the applicable Deductible in the CONSTRUCTION PAK — BUILDERS' RISK DEDUCTIBLES AND LIMITS OF INSURANCE SCHEDULE, we will not pay for loss or damage in any one occurrence until the amount of the adjusted loss or damage exceeds the applicable Deductible shown in such schedule. We will then pay the amount of the adjusted loss or damage in excess of the Deductible, up to the applicable Limit of Insurance,

- C. The Release of Water, Steam or Fluid Deductible does not apply to properly:
 - 1. In transit: or
 - In temporary storage awaiting delivery to the job site.
- D. The following Definition is added to Section F DEFINITIONS:

"Release of water, steam or fluid" means any discharge, seepage or leakage of water, steam or any other fluid from any device or any part of a system or appliance.

COMMERCIAL INLAND MARINE ISSUE DATE: 03-09-18

POLICY NUMBER: QT-660-7E077026-TIL-18

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CONSTRUCTION PAK - BUILDERS' RISK AMENDATORY ENDORSEMENT

PROTECTIVE SAFEGUARDS

This endorsement modifies insurance provided under the following:

CONSTRUCTION PAK – BUILDERS' RISK COVERAGE FORM

A,	Sci	hedi	Jie c	f Protective Safeguards and Causes of L	oss
	1.	Ty	pe c	of Protective Safeguard	Applicable Causes of Loss
		a.	X	Perimeter Fencing	Theft, Vandalism
		b.	X	Private Security Guard Service	Fire, "Release of Water, Steam or Fluid", Theft, Vandalism
		Ç.		Water Flow Alarm	"Release of Water, Steam or Fluid", Vandalism
		d.	X	Centrally Monitored Elec- tronic Intruder Alert System	Fire, Theft, Vandalism
		0.			
		_			1
		f,	Ш		·
					•

- Each protective safeguard indicated by an 'X' above applies separately to each Project shown in the Declarations except:
- B. The following Exclusion is added to Section B EXCLUSIONS:
 - We will not pay for loss or damage caused by or resulting from the Applicable Cause of Loss shown in the Schedule above if, prior to the loss, you:
 - Knew of any suspension or impairment in the applicable Protective Safeguard in the Schedule above and failed to notify us of that fact; or
 - b. Failed to maintain the applicable Protective Safeguard in the Schedule above, and over which you had control, in complete working order.
- **C**. The following Definition is added to Section F DEFINITIONS:
 - "Release of water, steam or fluid" means any discharge or leakage of water, steam or any other fluid from any device or any part of a system or appliance.
- ${f D}_{f c}$ The following Additional Condition is added to Section E ADDITIONAL CONDITIONS:

Protective Safeguards

Unless otherwise stated in Paragraph A.2. above, you must maintain the applicable Protective Safeguards in the Schedule above at the applicable job site described in the Declarations.

The types of protective safeguards which apply are identified as follows:

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Page 1 of 2

- Perimeter Fencing, which completely surrounds the job site with gates closed and locked during all nonworking hours.
- b. Private Security Guard Service, which regularly patrols the job site during all non-working hours.
- c. Water Flow Alarm, which signals the "release of water, steam or fluid" and notifies a predetermined contact when the alarm is triggered.
- d. Centrally Monitored Electronic Intruder Alert System, which signals unapproved access to the project site and notifies a predetermined contact when the alarm is triggered.

e.

f.

POLICY NUMBER: QT-660-7E077026-TIL-18

COMMERCIAL INLAND MARINE ISSUE DATE: 03-09-18

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CONTRACTORS EQUIPMENT CHANGES AND ENHANCEMENTS

This endorsement modifies insurance provided under the COMMERCIAL INLAND MARINE COVERAGE PART.

- A. The following changes are made to the IM PAK COVERAGE Section of the COMMERCIAL INLAND MARINE COVERAGE PART DECLARATIONS:
 - The following LIMITS OF INSURANCE are added with respect to "CONTRACTORS EQUIPMENT" in Section I – COVERAGE EXTENSIONS:

COVERAGE EXTENSIONS: I	Limit Of Insurance
a. Business Personal Property in Job Trailers:	\$ 10,000
b. Hauling Property Of Others:	\$ 100,000
c. Upgrades To Covered Property:	\$ 25,000

 The following LIMITS OF INSURANCE are added with respect to "CONTRACTORS EQUIPMENT" in Section I – ADDITIONAL COVERAGES:

ADDITIONAL COVERAGES:		Limit Of Insuran
a.	Contract Penalty:	\$ 25,000
b.	Employee Tools, Equipment And Clothing:	
	(1) Any One Item:	\$ 1,000
	(2) Any One Employee:	\$ 2,500
	(3) Any One Occurrence:	\$ 5,000
Ç,	Errors Or Unintentional Omissions:	\$ 100,000
d.	Lost Warranty Or Service Contract:	\$ 10,000
ë.	Preservation Of Property Expense:	\$ 50,000
f.	Protection Of Property:	\$ 25,000

- B. The following changes are made to the IM PAK COVERAGE Form with respect to the coverage provided for "Contractors Equipment":
 - The Definition of "Contractors Equipment" in Section F — DEFINITIONS is replaced by the following:
 - "Contractors Equipment" means machinery, equipment and tools normally used in the construction industry or other types of specialized machinery, equipment and tools, including attachments and accessories to such property, used in your business operations. We cover such property that is:
 - Listed and Unlisted Items owned by you, including while leased, rented or loaned to others; and

- Similar items of equipment owned by others while in your care, custody or control and that you have leased, rented, or borrowed;
- if a Limit of insurance is shown in the Declarations, or above, for the applicable coverage.
- "Contractors Equipment" does not include:
- (1) Aircraft.
- (2) Contraband, or properly in the course of illegal transportation or trade.
- (3) Motor vehicles designed and principally used to transport property or persons over public roads. But this restriction does not apply to items of equipment when specialized machinery or equipment is permanently attached or mounted to such vehicles.

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Page 1 of 5

- (4) Watercraft. But this restriction does not apply to crew boats, work boats, barges or marine floats less than 26 feet in length and used exclusively in direct support of your business operations.
- The following Coverage Extensions are added to Section A — COVERAGE with respect to "Contractors Equipment":
 - a. Business Personal Property in Job Trailers

You may extend the insurance provided by this Goverage Form to apply to direct physical loss or damage by a Covered Cause of Loss to your business personal property, other than "Contractors Equipment", while such property is located in a job or office trailer.

The Business Personal Property in Job Trailers Limit Of Insurance shown in the Declarations is the most we will pay in any one occurrence under this Coverage Extension.

b. Hauling Property Of Others

We will pay your liability for direct physical loss or damage by a Covered Cause of Loss to property of others that you have accepted solely for transportation while such property is in your care, custody or control. Such property must be of the type eligible for coverage as "Contractors Equipment" under this Coverage Form.

The Hauling Property Of Others Limit Of Insurance shown in the Declarations is the most we will pay in any one occurrence under this Coverage Extension.

c. Upgrades To Covered Equipment

You may extend the Insurance provided by this Coverage Form to apply to direct physical loss or damage by a Covered Cause of Loss to upgrades made to covered items of "Contractors Equipment" during the policy period after submitting the most recent schedule of Covered Property. You must have documentation for the Increased value of any upgrades

The Upgrades To Covered Property Limit Of insurance shown in the Declarations is the most we will pay for improvements made to any one Item of equipment in

any one occurrence under this Coverage Extension.

- The following Additional Coverages are added to Section A – COVERAGE with respect to "Contractors Equipment":
 - a. Contract Penalty

If you agreed in writing prior to loss to pay penalties as a result of your failure to meet completion times within the terms of a written contract, we will pay such penalties you incur when the failure to direct physical loss of or damage to "Contractors Equipment" caused by or resulting from a Covered Cause of Loss.

The Contract Penalty Limit Of Insurance shown in the Declarations is the most we will pay in any one occurrence under this Additional Coverage.

b. Employee Tools, Equipment And Clothing We will pay for direct physical loss of or damage to portable tools, equipment and clothing owned and used by your employees in your business. The loss or damage must be caused by or result from a Covered Cause of Loss which occurs while such property is being used in your business, including while in or on a motor vehicle used in your business.

The applicable Employee Tools, Equipment And Clothing Limit Of Insurance shown in the Declarations is the most we will pay in any one occurrence under this Additional Coverage.

c. Errors Or Unintentional Omissions

If an item of "Contractors Equipment" is not covered under this Coverage Form due solely to your error or unintentional omission in failing to include the item, describing the item or describing the location of where the item is physically located, we will extend the insurance provided by this Coverage Form to apply to direct physical loss of or damage to such item caused by or resulting from a Covered Cause of Loss. Any such error must be reported and corrected when discovered. We will charge you additional premium.

The Errors Or Unintentional Omissions Limit Of Insurance shown in the

Page 2 of 5

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Declarations is the most we will pay in any one occurrence under this Additional Coverage.

- d. Lost Warranty Or Service Contract
 - (1) If "Contractors Equipment" is protected by an extended warranty, or a maintenance or service contract; and
 - (2) That warranty or contract becomes void or unusable due to a Covered Cause of Loss to such property;

we will reimburse you for the prorated amount of the unused costs of nonrefundable or nontransferable warranties or contracts.

The Lost Warranty Or Service Contract Limit Of Insurance shown in the Declarations is the most we will pay in any one occurrence under this Additional Coverage.

e. Preservation Of Property

If it is necessary to move "Contractors Equipment" to preserve it from the threat of imminent loss or damage by a Covered Cause of Loss, we will pay for:

- (1) The reasonable and necessary expenses actually incurred by you to remove the "Contractors Equipment", temporarily store the "Contractors Equipment" at another tocation and move the "Contractors Equipment" back to the location from which it was moved within a reasonable time after the threat of imminent loss or damage to the property by the Covered Cause of Loss passes. Coverage for your incurred expenses will end when any of the following first occurs:
 - (a) 90 days expire after the "Contractors Equipment" is moved;
 - (b) The "Contractors Equipment" is returned to the location from which it was moved; or
 - (c) The policy expires or is cancelled.

The Preservation Of Property Expense Limit Of Insurance shown in the Declarations is the most we will pay for the sum of all such expenses

that you incur due to the threat of loss or damage from any one occurrence.

(2) Any direct physical loss of or damage to the "Contractors Equipment" while it is being moved, while temporarily stored at another location or while being moved back to the location from which it was moved.

The most we will pay in any one occurrence for direct physical loss of or damage to the "Contractors Equipment" is the Limit of Insurance applicable to the moved property. Any payment under this Coverage Extension for such direct physical loss or damage is included within and will not increase such limit.

f. Protection Of Property

If "Contractors Equipment" is in Imminent danger of sustaining direct physical loss or damage from:

- (a) Fire;
- (b) Any storm system that has been declared and named a tropical storm or hurricane by the National Hurricane Center or the Central Pacific Hurricane Center of the National Weather Service, including any tornado or any other wind event that is caused by or results from the named storm; or
- (c) A flood that has been forecasted by the National Weather Service or the U.S. Army Corps of Engineers;

we will pay the necessary and reasonable expenses actually incurred by you to protect the property from such loss or damage, but only if the applicable cause of loss is a Covered Cause of Loss. You must keep a record of the expenses you incur.

The Protection Of Property Limit Of Insurance shown above is the most we will pay in any one occurrence under this Additional Coverage.

Any payment under this Additional Coverage is included within and will not increase the applicable Limit of insurance.

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Page 3 of 5

 The Newly Acquired "Contractors Equipment" Coverage Extension in Section A – COVERAGE is replaced by the following:

Newly Acquired "Contractors Equipment"

You may extend the insurance provided by this Coverage Form to apply to direct physical loss or damage by a Covered Cause of Loss to equipment you acquire during the policy period or after submitting the most recent schedule of Covered Property to us. Such newly acquired equipment must be of the type eligible for coverage under this Coverage Form. Coverage on the newly acquired equipment is subject to the following:

a. Non-Reporting Coverage:

If this policy is not subject to Reporting, we will cover such newly acquired equipment for up to 180 days. Coverage under this Coverage Extension will end when any of the following first occurs:

- (1) 180 of days expire after you acquire the equipment;
- (2) You report the equipment to us; or
- (3) The policy expires or is cancelled.
 We will charge you additional premium for the newly acquired property from the date
- of your acquisition.

 b. Reporting Coverage:

If this policy is subject to Reporting, the following applies with respect to the Premium Adjustment Period shown in the Declarations:

(1) Annual Adjustment

We will cover such newly acquired equipment for the remainder of the policy period. Coverage under this Coverage Extension will end when the policy expires or is cancelled.

(2) Other Than Annual Adjustment

We will cover such newly acquired equipment until your next report is submitted. Coverage under this Coverage Extension will end when either of the following first occurs:

- (a) You report the equipment to us; or
- (b) The policy expires or is cancelled.

The Newly Acquired "Contractors Equipment" Limit Of Insurance shown in the Declarations is the most we will pay for any one newly acquired Item of equipment in any one occurrence under this Coverage Extension.

 Part 3.d., "Replacement Items" Coverage Extension in Section A – COVERAGE is replaced by the following:

"Replacement Items"

- (1) Rental Cost: We will pay your necessary costs to rent "replacement items". Coverage for such cost will begin immediately after the time of direct physical loss or damage and will end when either of the following first occurs:
 - (a) The Item of equipment to which the loss or damage occurred is repaired or replaced; or
 - (b) The "replacement item" of equipment is no longer needed.

The most we will pay for your Rental Cost is the applicable Limit Of Insurance shown in the Declarations.

(2) Loss Of or Damage To "Replacement Items". We will pay for loss of or damage to "replacement items" caused by or resulting from a Covered Cause of Loss. Coverage will start when you assume liability for "replacement items", and will end when your Rental Cost coverage for your "Contractors Equipment" to which the loss or damage occurred ends. We will also pay for loss or damage while "replacement items" are in transit to or from the owner if you are liable for the item at the time of loss or damage.

The most we will pay in any one occurrence under this Coverage Extension for loss of or damage to "replacement Items" is the amount for which you are liable, not to exceed the replacement cost of that property. Any payment under this Coverage Extension for such direct physical loss or damage is included within and will not increase the "Replacement Item" Limit Of Insurance.

The following is added to Section D - DEDUCTIBLE:

Largest Deductible Applies

Unless otherwise stated, if more than one Deductible amount applies to loss or damage in any one occurrence, the total of the

Page 4 of 5

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deductible amounts applied in that occurrence will not exceed the amount of the largest applicable Deductible.

- Coinsurance, in respect to Unlisted Items, in Section E — ADDITIONAL COVERAGE CONDITIONS, Part 2.b., does not apply.
- C. The following changes are made to LOSS CONDITIONS in the COMMERCIAL INLAND MARINE CONDITIONS:
 - The following is added to Loss Payment, Part E.:
 - a. In the eyent of loss or damage covered by this Coverage Form, at our option we will either:
 - (1) Pay the cost of reasonably restoring the property to its condition immediately before loss or damage;
 - (2) Pay the value of the lost or damaged property; or
 - (3) Take all or any part of the property at an agreed or appraised value.

We will determine the value of lost or damaged property, or the cost of restoring such property, in accordancewith the applicable terms of the Valuation ADDITIONAL CONDITION in this Coverage Form or any applicable provision which amends or supersedes such Condition.

- b. At our option, we may make a partial payment toward any claim, subject to the policy provisions and our normal adjustment process, To be considered for a partial claim payment, you must submit a partial sworn proof of loss with supporting documentation. Any applicable policy deductibles must be satisfied before any partial payments are made.
- 2. The Reinstatement of Limit After Loss, Part I., is replaced by the following:

Reinstatement of Limit After Loss

With the exception of any applicable Annual Aggregate Limit Of Insurance, the Limit of Insurance will not be reduced by the payment of any claim.

THIS ENDORSEMENT CHANGES THE POLICY, PLEASE READ IT CAREFULLY.

ALABAMA CHANGES

This endorsement modifies insurance provided under the following: COMMERCIAL INLAND MARINE COVERAGE PART

- A. The following exclusion is added:
 - 1. We will not pay for loss or damage arising out of any act committed:
 - a. By or at the direction of any insured; and
 - b. With the intent to cause a loss.
 - However, this exclusion will not apply to deny coverage to an innocent coinsured when the loss or damage is otherwise covered under this policy and is proximately related to and in furtherance of an abusive act by an insured who is a family or household member. Such coverage will be provided only if the innocent coinsured:
 - Provides evidence of the abuse to us, to demonstrate that the loss is abuserelated; and
 - b. For the act causing the loss, either:
 - (1) Files a complaint under the Protection From Abuse Act against the abuser, and does not voluntarily dismiss the complaint; or
 - (2) Seeks a warrant for the abuser's arrest and cooperates in the prosecution of the abuser.
 - if we pay a claim pursuant to Paragraph A.2., our payment to the innocent coinsured is lim-

Ited to that Insured's legal interest in the property less any payments we first made to a mortgagee or other party with a legal secured interest in the property. In no event will we pay more than the Limit of Insurance.

- B. The following is added to the Transfer Of Rights Of Recovery Against Others To Us Loss Condition in the Commercial Inland Marine Conditions: If we pay an innocent coinsured for loss arising
 - out of an act of abuse by another insured, the rights of the innocent coinsured ito recover danages from the abuser are transferred to us to the extent of our payment. Following the loss, the innocent coinsured may not waive such rights to recover against the abuser.
- C. The Legal Action Against Us General Condition in the Commercial Inland Marine Conditions is replaced by the following:

Legal Action Against Us

No one may bring a legal action against lus under this Coverage Part unless:1

- There has been full compliance with all of the terms of this Coverage Part; and
- The action is brought within the time limitations prescribed by Alabama law.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ALABAMA CHANGES

This endorsement modifies insurance provided under the following: COMMERCIAL INLAND MARINE COVERAGE PART

- A. The following exclusion is added:
 - We will not pay for loss or damage arising out of any act committed;
 - a. By or at the direction of any insured; and
 - b. With the intent to cause a loss.
 - 2. However, this exclusion will not apply to deny coverage to an innocent coinsured when the loss or damage is otherwise covered under this policy and is proximately related to and in furtherance of an abusive act by an insured who is a family or household member. Such coverage will be provided only if the innocent coinsured:
 - a. Provides evidence of the abuse to us, to demonstrate that the loss is abuserelated; and
 - b. For the act causing the loss, either:
 - Flies a complaint under the Protoction From Abuse Act against the abuser, and does not voluntarily dismiss the complaint; or
 - (2) Seeks a warrant for the abuser's arrest and cooperates in the prosecution of the abuser.
 - If we pay a claim pursuant to Paragraph A.2., our payment to the innocent consured is lim-

Ited to that Insured's legal interest in the property less any payments we first made to a mortgagee or other party with a legal secured interest in the property. In no event will we pay more than the Limit of Insurance.

- B. The following is added to the Transfer Of Rights Of Recovery Against Others To Us Loss Condition in the Commercial Inland Marine Conditions:
 - If we pay an innocent coinsured for loss arising out of an act of abuse by another insured, the rights of the innocent coinsured to recover damages from the abuser are transferred to us to the extent of our payment. Following the loss, the innocent coinsured may not waive such rights to recover against the abuser.
- C. The Legal Action Against Us General Condition in the Commercial Inland Marine Conditions is replaced by the following:

Legal Action Against Us

No one may bring a legal action againstius under this Coverage Part unless:1

- There has been full compliance with all of the terms of this Coverage Part; and
- The action is brought within the time limitations prescribed by Alabama law.

INTERLINE ENDORSEMENTS

INTERLINE ENDORSEMENTS

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

AMENDMENT OF COMMON POLICY CONDITIONS – PROHIBITED COVERAGE – UNLICENSED INSURANCE AND TRADE OR ECONOMIC SANCTIONS

This endorsement modifies insurance provided under the following:
ALL COVERAGES INCLUDED IN THIS POLICY

The following is added to the Common Policy Conditions:

Prohibited Coverage - Unlicensed Insurance

- With respect to loss sustained by any insured, or loss to any property, located in a country or jurisdiction in which we are not licensed to provide this insurence, this insurence does not apply to the extent that insuring such loss would violate the laws or regulations of such country or jurisdiction.
- 2. We do not assume responsibility for:
 - a. The payment of any fine, fee, penalty or other charge that may be imposed on any person or organization in any country or jurisdiction because we are not licensed to provide insurance in such country or jurisdiction; or

The furnishing of certificates or other evidence of insurance in any country or jurisdiction in which we are not licensed to provide insurance.

Prohibited Coverage - Trade Or Economic Sanctions

We will provide coverage for any loss, or otherwise will provide any benefit, only to the extent that providing such coverage or benefit does not expose us or any of our affiliated or parent companies to:

- Any trade or economic sanction under any law or regulation of the United States of America; or
- Any other applicable trade or economic sanction, prohibition or restriction.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ALABAMA CHANGES - ACTUAL CASH VALUE

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
EQUIPMENT BREAKDOWN COVERAGE PART
FARM COVERAGE PART

The following is added to any provision which uses the term actual cash value:

Actual cash value is calculated as the amount it would cost to repair or replace Covered Property, at the time of loss or damage, with material of like kind and quality, subject to a deduction for depreciation.

However, if Covered Property, at the time of loss or damage, has nominal or no economic value, or a value disproportionate to replacement cost less depreciation, the determination of actual cash value as set forth above is not required.

Actual cash value applies to valuation of Covered Property regardless of whether that property has sustained partial or total loss or damage.

The actual cash value of the lost or damaged property may be significantly less than its replacement cost.

IMPORTANT NOTICE -INFORMATION OR COMPLAINTS -TEXAS

To obtain information or make a complaint:

You may call Travelers toll-free telephone number for information or to make a complaint at:

1-800-328-2189

You may contact the Texas Department of Insurance to obtain information on companies, coverages, rights or complaints al:

1-800-252-3439

You may write the Texas Department of Insurance: P.O. Box 149104 Austin, TX 78714-9104 FAX (512) 490-1007

Web: www.tdi.texas.gov

E-mail: ConsumerProtection@tdl.texas.gov

PREMIUM OR CLAIM DISPUTES: Should you have a dispute concerning your premium or about a claim you should contact your Agent or Travelers first. If the dispute is not resolved, you may contact the Texas Department of Insurance.

ATTACH THIS NOTICE TO YOUR POLICY: This notice is for information only and does not become a part or condition of the attached document.

AVISO IMPORTANTE -INFORMACIÓN O QUEJAS - TEXAS

Para obtener información o para presentar una queja:

Usted puede liamar al número de teléfono gratuito de Travelers para información o para presentar una quela al:

1-800-328-2189

Usted puede comunicarse con el Departamento de Seguros de Texas para obtener información sobre de compañías, coberturas, derechos, o quejas al:

1-800-252-3439

Usted puede escribir al Departamento de Seguros de Texas a: P.O. Box 149104 Austin, TX 78714-9104 FAX (512) 490-1007

Web: http://www.tdi.texas.gov

E-mail: ConsumerProtection@tdl.texas.gov

DISPUTAS DE PRIMAS DE SEGUROS O RECLAMACIONES: Si tiene una disputa relacionada a su prima de seguro o con una reclamación, usted debe comunicarse con el Agente o Travelers primero. Si la disputa no es resuelta, usted puede comunicarse con el Departmente de Seguros de Travas.

ADJUNTE ESTE AVISO A SU PÓLIZA: Este aviso es solamente para propositos informativos y no se convierte en parte o en condición del documento adjunto.

19CY-CV12623

EXHIBIT B

ELY & ISENBERG, L.L.C.

Attorneys at Law

2100-B SouthBridge Parkway • Suite 380 Birmingham, Alabama 35209 T 205.313.1200 • F 205.313.1201 www.elylawllc.com

Brenen G. Ely E-mail Address: bely@elvlawllc.com

June 6, 2019

VIA CERTIFIED MAIL & ELECTRONIC MAIL

Michael J. Abrams Lathrop Gage LLP 2345 Grand Boulevard, Suite 2200 Kansas City, Missouri 64108-2618

Jason Johns Jackson Walker LLP 1401 McKinney St., Suite 1900 Houston, Texas 77010

Re:

Insured:

Bomasada Birmingham Nationwide, LLC

Policy No.:

QTJ660-7E077026

Claim No.:

FBS1747 9/27/2018

Date of Loss:

Dear Mr. Abrams:

We are in receipt of your letter of May 28, 2019. We understand that, while you represent Maxus, your letter was sent on behalf of both Maxus and Bomasada. Please allow this letter to serve as a preliminary response to both Maxus and Bomasada regarding the inspection issues identified in the May 28, 2019 letter. As a result, we have copied Mr. Johns on this letter.

In the May 28 letter, Maxus and Bomasada agreed to allow Travelers to re-inspect the property. Travelers would like to conduct the requested re-inspection of the subject property with its experts on <u>Thursday, June 13, 2019 at 9:00 CST</u>. Bomasada, Maxus, and its respective experts are welcome to attend the re-inspection as well.

Please be reminded that the following conditions apply in addition to the Common Policy Conditions and applicable Additional Conditions in Inland Marine Coverage Forms:

C. Duties In The Event Of Loss Or Damage

You must see that the following are done in the event of loss or damage to Covered Property:

6. As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

Also, permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.

10. Cooperate with us in the investigation or settlement of the claim.

With regard to the other issues raised in your May 28, 2019, letter, Travelers will respond to those issues under separate cover.

Nothing in this letter is intended or should be construed as an admission or denial of liability. Travelers will continue to insist upon strict compliance with all policy terms and conditions. Any action taken by Travelers either before or after the examinations under oath or during the course of the investigation of the claim to determine the extent or scope of the loss is not to be construed as an admission or denial of liability. In addition, the inclusion of certain policy provisions in this letter should not be deemed or construed as a waiver of any of the other provisions of the policy, and Travelers incorporates all of the policy provisions and terms of its prior correspondence, as if fully set forth herein. We refer you to the specific insurance policy for a comprehensive review of coverage. Travelers reserves all rights and defenses under the policy and applicable law.

If you have any questions or need further information, please contact me.

// ___

Brenen G. Ely

BGE/Ibi

19CY-CV12623

EXHIBIT C



MICHAEL J. ABRAMS ATTORNEY AT LAW **PARTNER** DIRECT: 816,460,5530

MAIN: 816.292.2000 Fax: 816.292.2001

MABRAMS@LATHROPGAGE.COM LATHROPGAGE.COM

2345 GRAND BOULEVARD, SUITE 2200 KANSAS CITY, MO 64108

June 7, 2019

VIA E-MAIL

bely@elylawllc.com

Brenen G. Ely, Esq. Ely & Isenberg, L.L.C. 2100-B SouthBridge Parkway, Suite 380 Birmingham, AL 35029

RE:

Insured:

Bomasada

Policy No.:

QTJ660-7E077026

Claim No.:

FBS1747

Date of Loss: 9/27/2018

Dear Mr. Ely:

We are writing to let Travelers know that our industrial hygienist has completed the enclosed report which we believe significantly changes the scope of the claim, from both a property damage and business interruption/lost rents perspective. It is also clear that action must be immediately taken to mitigate additional damages.

You will see from the enclosed report that there are significant issues with potential safety, clean-up and remediation. We are taking steps to mitigate the ultimate damages and working as quickly as possible. To that end, it is critical that Travelers provide funding for some of these initiatives sooner rather than later.

By way of example, on page 10 of the report, our consultant states that the buildings damaged by fire should be razed prior to any repair or cleaning in order to prevent ongoing contamination. Additionally, we are working to determine the best course of action with regard to the necessary evacuation of residents and employees from the premises. In addition, we understand that there are nearby buildings and residences owned by third parties that impact these issues. All of these things obviously add significantly to the total damages. As we collectively did not anticipate all of these expenses when the claim was filed, we anticipate that Travelers will want to readjust the claim.

Please let us know when you have discussed this urgent situation with Travelers and whether Travelers has any objections or suggestions with regard to the evacuations and

Brenen G. Ely, Esq. June 7, 2019 Page 2

remediation/clean-up efforts, as suggested by the enclosed report. We look forward to hearing from you as soon as possible. Thank you for your prompt attention to this.

Very truly yours,

Lathrop Gage LLP

Ву:

Michael J. Abrams

Enclosure

cc: Jason Johns, Esq. (via email)

19CY-CV12623

EXHIBIT D



MICHAEL J. ABRAMS ATTORNEY AT LAW PARTNER

DIRECT: 816.460.5530

MAIN: 816.292.2000 FAX: 816.292,2001 MABRAMS@LATHROPGAGE.COM LATHROPGAGE.COM

2345 GRAND BOULEVARD, SUITE 2200 KANSAS CITY, MO 64108

June 11, 2019

VIA E-MAIL

bely@elylawllc.com

Brenen G. Ely, Esq. Ely & Isenberg, L.L.C. 2100-B SouthBridge Parkway, Suite 380 Birmingham, AL 35029

RE:

Insured:

Bomasada

Policy No.:

QTJ660-7E077026

Claim No.:

FBS1747

Date of Loss: 9/27/2018

Dear Brenen:

This is in follow up to my letter to you last week which enclosed the report from our industrial hygienist, Tom Irmiter of Forensic Building Science.

I hope that you've had a chance to read the report and have had an opportunity to share with your client.

I have tried to reach you by telephone a few times without success.

Given the gravity of Mr. Irmiter's report, we intend to instruct our residents to vacate the premises during remediation and rebuild. Accordingly, it is imperative that we hear from you immediately if you have any objection or do not see the necessity of proceeding in that manner.

Unless we hear from your otherwise by the close of business tomorrow, June 12, we will proceed with the understanding that you have no objection to our plan for the removal of residents during remediation and rebuild.

Second, Maxus has submitted a business interruption claim to Travelers that has been outstanding for many months. We have received no word from Travelers on this aspect of your insured's claim. As you can imagine, this is causing financial difficulties for Maxus and implore you to have your client turn its attention to this claim with all deliberate speed.

Brenen G. Ely, Esq. June 11, 2019 Page 2

I look forward to working with you.

Very truly yours,

Lathrop Gage LLP

Michael J. Abrams

cc: Jason Johns, Esq. (via email)

19CY-CV12623

EXHIBIT E



Greg Bynum Claim Professional One Tower Square, MS06-A Hartford, CT 06183

Jackson Walker LLP Attn: Jason Johns 1401 McKinney, Ste 1900 Houston, TX 77010

11/29/2018

Insured:

Bomasada Birmingham Nationwide, LLC ("Bomasada")

Policy #:

QTJ660-7E077026

Claim/File#:

FBS1747

Date of Loss:

09/27/2018

Loss Location:

2900 7th Avenue South, Birmingham, AL 35223

Dear Mr. Johns:

This letter is in follow up to a conversation you had with Claim Manager Stephen Bryan on Wednesday, November 28 confirming Travelers investigation has been completed and coverage is being provided for this loss.

This letter is to confirm coverage is being provided in full for this loss per the applicable policy conditions.

We look forward to meeting with you and the insured on Monday, December 3, 2018 to begin working toward a resolution of this claim.

Sincerely,

Greg Bynum Claim Professional Travelers Property Casualty Company of America

CC: Bomasada Birmingham Nationwide, LLC Attn: John Holloway 8980 Lakes at 610 Drive, Suite 200 Houston, TX 77054

CC: McGriff, Seibels & Williams, Inc. Construction Risk Services Attn: Ryan G. Burge 2211 7th Avenue South Birmingham, AL 35233 MISSOURI DEPARTMENT OF COMMERCE AND INSURANCE PO BOX 690

JEFFERSON CITY, MO 65102-0690



FIRST CLASS MAIL



TRAVELERS PROPERTY CASUALTY COMPANY OF AMERICA CSC-LAWYERS INCORPORATING SERVICE CO. 221 BOLIVAR STREET JEFFERSON CITY, MO 65101

